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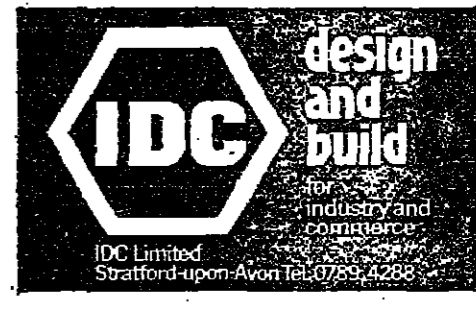


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FINANCIAL TIMES

No. 27,002 Wednesday June 23 1976 **10p



NEWS SUMMARY

GENERAL

Bonn rebuff for Vorster
South Africa's attempt to secure its diplomatic isolation has been checked abruptly yesterday when the German Foreign Minister, Hans Dietrich Genscher, sharply rebuffed a three-hour meeting with Dr. Hendrik Verwoerd, the South African Prime Minister.

The West German Foreign Minister also called upon South Africa to give the next United Nations General Assembly session a wide berth for the independence struggle.

The sharp tone of the West German statement on the meeting appeared to rule out any chance of a meeting between the two Prime Ministers, Mr. Verwoerd, South African Prime Minister, will be offered a state visit to London.

Probes may defy court
The leadership of the Provisional IRA has indicated in Dublin that it intends to defy the Irish Government and will not appear in court to-day to answer charges of taking part in the banned April demonstration which it organised.

Setback hint in pay-bed law
Addressing a Confederation of Health Service Employees conference at Brighton, Mr. David Bond, Secretary for Social Services, said that legislation to change the Health Service pay scale might fail in this Parliament.

Mixed response to water plea
Twenty-six drought orders are in force in England and Wales. Mr. Denis Howell, Environment Minister of State, told the Commons in the South-West debate to save water has resulted in about 30 per cent. less consumption.

Entente Cordiale
Mr. Bond's speech and reflexes from the past had to be eliminated from the French leader's visit to the Queen's Palace banquet to mark the beginning of the French leader's busy state visit.

Rabies toll
A Swedish yachtman was jailed for 120 days at Woolwich after being unable to pay £900 fines for breaking the rabies law.

Dishonesty grows
People are becoming more dishonest and more dishonest, Mr. James Hargrave, Chief Inspector of Constabulary for England and Wales, reports.

Test drawn
The West Indies were 241-6 when the second Test ended in a draw at Lords.

Briefly...
Wimbledon tennis officials have been given an ultimatum by women tennis stars - "Give us the same prize money as the men, or we won't come next year." Tennis, Page 25.

BUSINESS

Equities up 1.6 to 384.8; gilts firm
EQUITIES tended to edge higher but trading was again very thin. The FT 30-Share Index rose 1.6 to 384.8.

GILTS attracted a little more interest than lately, mainly for short-dated issues. The Government Securities Index rose 0.20 to 62.78.

Tin prices rose to record levels on the London Metal Exchange. Cash tin jumped 5000.1 per tonne.

STERLING slipped 15 points to \$1.725 in fairly quiet trading. The pound's trade-weighted depreciation widened to 39.1 (39.0) per cent; dollar's widened to 1.69 (1.64) per cent.

GOLD fell 50 cents to \$125.375.

U.S. TREASURY bill rates at this week's auction: three 5.325 (5.390), six 5.722 (5.695).

WILLIAMS AND GLYN'S Bank will maintain until the middle of next year its policy of free banking for personal customers who keep their accounts in credit.

SCANDINAVIAN GLASS interests of St. Gobain and Granges are to be merged in a defensive move against Pilkington Brothers, whose new float glass plant in Sweden is to come on stream next month.

PLESSEY more than doubled its share of export orders to £100m. in the year to March 31 and received further overseas orders totalling £35m. in the past three months.

ALLIED BREWERIES made a pre-tax profit of £27.9m. (£28.1m.) for the 32 weeks to May 8, as a result of the Birmingham stoppage and its effect on trade.

GUINNESS MAHON is to have as its executive deputy chairman Mr. Jean-Pierre Frayse, hitherto a director of Lloyds Bank International.

GILTS PRICE CHANGES YESTERDAY		
(Prices in pence unless otherwise indicated)		
RISERS		
Excheqr. 5% 76-78	292 1/2	+
Electric 3 1/2% 76-79	288 1/2	+
Alexanders Discount	220	+
Anglo Transvaal Inds	119	+
Boxer	94	+
Bradford Prop.	133	+
British & Commonwealth	199	+
Bulmer and Lamb	30	+
Caterpillar	223	+
Chesterfield	135	+
Ellis and Edwards	94	+
Evans (Leeds)	94	+
Hambros	172	+
Hazlewoods (Propry)	22	+
ICI Gas	333	+
Marlboro	98	+
Primrose	147	+
Prop. Hldg. & Inv.	280	+
Savoy	26	+
FALLS		
Costain (R)	202	-
Development Secs.	397	-
Gill and Duffus	199	-
Woodside-Burmah	74	-
Anglo Am. Coal	221 1/2	-
Berall Tin	253	-
Durban Deep	500	-
Elkburg	190	-
General Mining	217	-
Harmony	390	-
Rand Leases	9	-
Vaal Reefs	115	-
Western Telephon	223	-

Change domestic economic policies U.S. warns Britain

BY REGINALD DALE, PARIS, June 22

The U.S. publicly warned Britain to-day that the Government will have to change domestic economic policies if international confidence in the country is to be restored.

The warning was accompanied by a blunt statement from Mr. Gerald Parsky, assistant Secretary of the Treasury, that the U.S. had not drawn any credits but he expected that some drawings would be made. The question was how far Britain would decide to run down its reserves before drawing.

Mr. Parsky's remarks to journalists at the two-day Ministerial meeting here of the Organisation for Economic Co-operation and Development were the toughest so far made in public by a senior American official. They followed repeated private intimations from Washington that Britain faces positively its last chance to put its house in order after arrangements of the emergency \$5.3bn. standby credits for sterling.

If Britain borrowed money from the International Monetary Fund to repay the credit in six months time the Government would have to accept rigid conditions, Mr. Parsky said. He would not spell out openly what the Government should do, but broadly hinted that the most urgent priority must be to reduce public sector deficit.

Mr. William Simon, Secretary of the Treasury, made much the same point. "In the effort to avoid or postpone exchange rate changes, countries may look for credits from abroad to help finance their deficits and pursue a policy of intervention to support their currencies artificially in exchange markets," he said in a written statement.

But he added: "Lenders will become increasingly reluctant to finance expanding current account deficits unless borrowing nations make fundamental changes in their domestic economic policies."

Mr. Denis Healey, Chancellor of the Exchequer, repeated that the U.K. had not drawn any credits but he expected that some drawings would be made. The question was how far Britain would decide to run down its reserves before drawing.

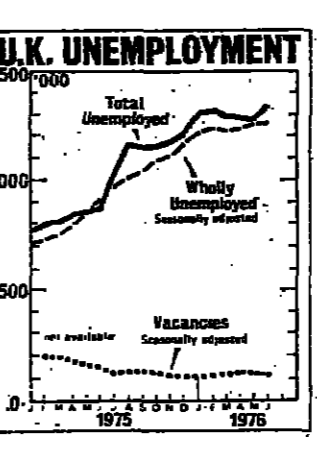
Mr. Healey added that it was not definite that the Government would go to the IMF, although it had said it would if it could not repay the money from other sources. The need for an IMF drawing would depend on how much of the credit was used and "what happens to our economy and our reserves in the meantime."

The compromise finally adopted in the communiqué was "five per cent. or somewhat more."

Mr. Healey said he quarrelled with the organisations forecast of a growth rate of only just more than 3 per cent. for the U.K. during the rest of the decade. He was confident that the Government would meet its declared aim of 5.5 per cent. a year for the three years from April 1978.

Mr. Simon underlined the main theme of to-day's session by giving a warning to the conference that the resurgence of inflation remained the greatest threat to sustained expansion. The OECD is predicting, on the basis of present policies, an average inflation rate of 8.2 per cent. in member countries this year, with prices in some countries rising by as much as 15 per cent. or more.

Most Ministers had little difficulty in agreeing on the second of to-day's main agenda items: renewal of the so-called "trade pledge" - an undertaking by the OECD member countries not to introduce new trade restrictions, except in a continuation of the aftermath of the oil crisis.



U.K. UNEMPLOYMENT

Jobless increase slows further
The RATE of increase in unemployment has slowed down further over the last month, suggesting that the labour market is at or near its low point.

The appearance of large numbers of school-leavers on the register, however, has increased the unadjusted total to the highest figure since the war.

Adult unemployment (excluding school-leavers) in the U.K., seasonally adjusted, rose by 6,500 in the month to mid-June to 1,202,000 - 3.4 per cent. of all employees.

The underlying trend, which has been shown by the three-monthly average, is that unemployment is now rising by 9,000 a month. Although this is slightly higher than the seasonally adjusted average for the April and May periods, it compares with increases of 40,000 or more a month during the winter.

The trend in unfilled vacancies is clear since, on a similar average three-monthly basis, there is now a decline of 3,000 a month following a drop of 6,500 in June.

These figures have been affected by the Temporary Employment Subsidy and the job creation programme and so may be less of a lead indicator than in previous cycles.

While the Government's measures appear to be reducing the rate of increase in unemployment at present, the official view is that the seasonally adjusted total is following the normal pattern of lagging nine months to a year behind the upturn in output and so should be near its peak.

It is now recognised that the March and April figures, which were regarded as freshly good in most of Whitehall, were not an indicator of a new trend and that the total is up.

Continued on Back Page

CALLAGHAN: COMMONS PEACE BID

New vote on shipbuilding next week

BY RICHARD EVANS, LOBBY EDITOR

THE CONFLICT between Government and Opposition, which has seriously disrupted Parliamentary business, was almost settled yesterday, leaving the way open for Ministers to reintroduce the Bill nationalising the shipbuilding industries.

Mr. James Callaghan, Prime Minister, who has been increasingly anxious to return to normal relations with the Opposition, conceded that the Government had been at some fault in the Commons division on May 27 when the shipbuilding Bill was saved by a disputed Government majority of one. The issue will be put to the vote again next week.

Conservative leaders claimed that the Government climb-down was a complete vindication of their decision to stop all co-operation, including partying arrangements, until the vote on the shipbuilding Bill was taken again.

The issue at stake on May 27, and again next week, is whether the Aircraft and Shipbuilding Industries Bill should be declared hybrid and sent to a special select committee, where affected interests could petition to be excluded from its provisions. This would have happened in the second vote on May 27 had there been a tie. In the event there was a Government majority of one after a Labour Whip, Mr. Tom Pendry, voted even though the Opposition claimed he was paired.

If the Government wins the division next week the nationalisation Bill will start its report stage and third reading in the Commons before proceeding to the Lords.

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Early Government unlikely after Italian election

BY DOMINICK J. COYLE

THE PROSPECTS for the early formation of a new Italian Government look distinctly dim to-night, following a General Election over the week-end which was given a sizeable advance by the Communist Party while still keeping it in second place behind the long-ruling Christian Democrats.

Final results available to-day for both houses of Parliament give the Christian Democrats 55.9 per cent. of the popular vote in the Senate, a lead of some 5 per cent. over the Communists, but this gap reduced to 4.3 per cent. in the more representative Chamber of Deputies, where the Communists have increased their representation by 48 to secure a total of 257 seats, only 38 fewer than for the Christian Democrats.

While the Christian Democrats have recovered, against most expectations here, the ground which was lost last year's regional elections, neither of the two main political parties has come out with anything approximating an overall Parliamentary majority.

For the Christian Democrats at least the attitude of the Socialists, Italy's third largest party could now be crucial.

The Christian Democrats are anxious to put together another Centre-Left administration, and indeed a simple coalition arrangement with the Socialists would add up to the requisite working majority, although by no means a comfortable one. It could, however, be augmented

with support from some of the smaller left parties although they as a whole suffered badly in this election.

The Communists, whose Central Directorate is meeting here to-morrow to consider the election results, are still insisting publicly on the formation of

between another Centre-Left administration or a single party Christian Democrat Government with the support of some of the smaller parties and perhaps even a restoration of the Communists - for a limited period and covering a specific legislative programme.

This latter course could, according to some political observers here to-night, result in effect in a continuation in office of the present caretaker Government of Prime Minister Sig. Aldo Moro, which might be asked by President Leone to remain temporarily in Government when the new Parliament has met on July 5.

One possibility which could conceivably break the present effective stalemate may come some time after to-morrow's meeting of the Communist Directorate. The Communists already appreciate, although do not publicly accept, that a somewhat reinforced Communist Party will not easily consider joining an emergency Government, but it is just possible that private negotiations between the Communists and the Christian Democrats might yet produce a measure of agreement on emergency legislative proposals aimed specifically at tackling Italy's undeniably pressing economic and social problems.

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Politics, but with a difference
Page 17
Other reaction Page 6

Hambro Life float may test new issue market in July

BY MARGARET REID

HAMBRO LIFE Assurance, the private insurance company controlled by Hambros, the banking group, and run by Mr. Mark Weinberg, may well be publicly floated on the stock market before the end of July with a value between £40m. and £50m.

The operation, which has been in preparation for some time, will be one of the first big tests of the new issue market after a prolonged lull. The launch may not be far separated from another big flotation expected in July, that of the family-owned metal group Thomas Borthwick.

Expectations about an early offer of shares in Hambro Life to the public rose last night when it was disclosed that the company had made considerably increased net profits of £3m. in the year to March 31, 1976, compared with £2.0m. in 1974-75.

Mr. Weinberg, who is managing director of Hambro Life, said: "We are working towards the second half of July as a possible date for the flotation." Final decisions will depend on completion of the

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WORLD TRADE NEWS

JAPANESE CAR IMPORTS

Second hand sales boom

BY YOKO SHIBATA IN TOKYO

JAPAN IS experiencing a somewhat ironic boom in second-hand foreign cars following the introduction of last April's strict emission controls which forced a number of popular models off the market.

There was a rush of orders from all over Japan at the recently staged "foreign used car fair" in Tokyo. The fair was the first event of its kind ever held, but it looks like becoming an annual feature. Dealers sold many cars before the fair actually opened and prices in a few cases exceeded those of new models—or rather the prices which would be quoted for new models if they were still available.

Dealers say that the reason for the foreign car "mania" is the fear that foreign cars could virtually disappear from Japan's roads as a result of the April emission controls. According to the Japan Car Importers Association only 77 foreign car models have so far qualified under the new standards compared with the 233 models which passed the 1973 emissions standards. Of the 150 or so models formerly exported to Japan, which have not qualified under the new standards, about 50 are apparently being withdrawn altogether.

Most U.S. cars have cleared the regulations but only about one-fifth of European models have been approved. This is because European countries have no controls comparable to those being introduced in Japan. European cars which have been adapted for the American market, where strict controls already exist, have in most cases been able to surmount the hurdle of the broadly similar Japanese controls. For others the challenge has proved impossible.

European car models which are disappearing from Japan, at least for the time being, include most of the high performance models with a few notable exceptions such as Rolls-Royce and BLMC's Jaguar range. In the popular range a car which has been gaining steadily in value in Japan in the past few months is the Austin Mini. The last Mini was shipped to Japan in November last year since a new series of regulations which came in December disqualified them from the market, even before the emission controls came into effect.

The retail price for a new 1975 Mini from the last batch brought in by BLMC's Japanese agent was ¥1,820, (about £3,000). Today's dealers are quoting prices of up to ¥1,450, (£2,685) for a 1975 second-hand Mini but in practice anyone who wants to buy is likely to have to wait several months.

There are an estimated 3,000 or so Minis (including Mini Coopers and MG Midgets) on Japanese roads at present. It looks as if most of these are being jealously guarded by their owners. But there may be some shipments of second-hand Minis (and of course of other European cars which failed the emission tests) later in the year, thanks to a gap in the Japanese import regulations which was originally intended as a concession on new car imports.

The concession, which was introduced just two days before the emission controls became effective on April 1 stipulates

that the controls are applicable from the date of manufacture of a car, not from the date at which it passes the Japanese customs—as had been the case with previous controls. Car manufacturers have already gone too far in cutting down their production and shipment schedules for Japan by the end of March to be able to make any use of this "gift" from the Japanese Ministry of Transport. But for anyone who cares to ship second-hand European cars to

Japan, the concessions could make all the difference. Its existence explains why Japanese motor magazines nowadays are full of advertisements like this: "1966 Mini-Cooper 1300s now crossing the sea to Japan. Price ¥950,000 (£1,750). Please wait patiently."

The vogue for foreign cars (including remaining available stocks of new European models) was reflected in very healthy foreign car registration figures during the first four months of 1976. Registrations were up 14 per cent on a year ago in January, 12 per cent in February, 8 per cent in March and a massive 22 per cent in April—the month in which dealers were presumably selling out the last stocks of cars brought in before the emission controls started to bite.

Set against these figures, the statistics for imports look rather sad. Slightly more foreign cars came into Japan in March than in the same month of the previous year. But in April, the first month after the controls, a mere

1,753 foreign cars were imported, compared with 7,559 a year earlier. The number of cars imported from EEC countries in April was just 297 compared with 4,971 in April 1975.

For the cars which failed to pass the 1976 emissions controls, and which consequently can no longer be imported now, there is now the choice between dropping out of the market or tackling the still tougher next set of emission standards which will come into force (for imported cars) in March 1978.

Some companies are already doing this. For example the Rolls-Royce Camargue, which is due to make its debut in Japan within the next month, is already well on its way through the 1978 testing procedure. Other manufacturers, including BLMC and Volkswagen (which did pass the 1976 tests) are telling the Japanese that the 78 controls are too tough and should be modified or postponed.

The Japanese may stretch a point or two to make life easier for the foreign car makers under the 78 controls—possibly even moving the deadline forward a little. This does not alter the fact that Japanese consumers are going to be starved of European cars over the next year or two and second hand dealers who can lay their hands on a few specimens are going to make a fortune.

The people who will not be making a fortune are the small companies who devoted themselves in the past to importing one or more highly specialised European performance cars. No one seems to know quite what is happening or has happened to these, but the manager of one was heard to say that he was so long ago—that he was planning to open a noodle shop.

Japan \$10.6bn. surplus forecast

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 23

JAPAN will register an 8.1 per cent GNP growth rate and a visible trade surplus of \$10.6bn. during its current fiscal year ending March 31, 1977, according to the Japan Economic Research Centre (JERC), one of the country's most prestigious forecasting agencies.

Both forecasts represent a marked upgrading of the Government forecasts put out at the end of last year before it was clear that genuine economic recovery was under way. The Government forecast of a real growth rate of 5.6 per cent, still stands, although Government officials now concede privately that it is too low.

There is a more interesting divergence between JERC's projection of a \$10.6bn. trade surplus and the Government esti-

mate of only \$4bn. published last January. JERC, in an accompanying comment on its figures says that Japan is now extremely competitive in world markets and will remain so for the rest of this year, barring any major change in the yen exchange rate. It thinks the size of the surplus could be the cause of international frictions.

The estimate of a \$10bn. surplus is based on the view that exports (which are already growing fast) will show a 14 per cent increase over the level of 1975, while imports will be up by only 6 per cent. Exports have been picking up fast because of the early economic recovery of Japan's major market, the U.S., while imports are staying relatively low because Japanese industry is still heavily stocked

with raw materials after the recession. Imports will eventually start growing faster, as well, but JERC evidently expects this to take time and has little impact on the 1976 trade figures.

Even for the 1977 fiscal year (ending March, 1978) the centre is forecasting a \$8.8bn. surplus. This is about the size of the highest annual surplus registered before the negotiations of the yen in the early 1970s.

The JERC forecast of a \$10bn. surplus for 1976 follows a projection put out a week ago by Daiwa Securities of a \$9bn. surplus for the 1976 calendar year. It is worth recalling that estimates of a very "big" trade surplus for fiscal year 1976 were put out in the spring of last year by a series of reputable Japanese forecasting agencies as

well as by most of the major trading companies. These estimates (which ranged up to around \$8bn.) all turned out to be exaggerated, since the eventual 1975 surplus was \$5.5bn.

The talk about a big trade surplus in 1976 is beginning to prompt speculation about the future exchange rate of the yen. Rumours which have circulated before the end of the year (and days that the U.S. might demand a yen "revaluation" at the Puerto Rico Summit seem to be completely without foundation. But there are indications that the rate might be forced up naturally over the next few months as a result of an inflow of trade surplus dollars. The yen touched its highest point for five weeks on the Tokyo foreign exchange market to-day closing at 239.37 against the dollar. Reuter.

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Terrapin likely to lose battle over trade mark

BY DAVID CURRY

BRUSSELS, June 23

The British company Terrapin Overseas, now seems likely to lose its battle for the right to sell prefabricated buildings in West Germany under the Terrapin trade mark following a ruling to-day by the European Court of Justice in Luxembourg.

The court has ruled that the Treaty of Rome does not stand in the way of a local court enforcing trade mark protection or acting to prevent the use of trade marks which could be confusing. The ruling concerned that battle by Terrapin to use its trade mark in Germany against the opposition of the German manufacturer of building components Terranova, which has contended through some 15 years of legal warfare that the two trade names could create confusion in the minds of clients.

The European Court's judgment was sought by the Supreme Federal Court in Germany (the Bundesgerichtshof of Karlsruhe) which had been asked by Terrapin to reverse a 1973 decision of the Munich appeals court which had told the British company to stop using the Terrapin name.

The judgment from Luxembourg, which now clears the way for the German court to refuse Terrapin's appeal, contains an important rider, however. It says that the German court is free to protect the Terranova trade mark and deny Terrapin the right to use its trade mark, provided it is convinced that fear of confusion is the real cause of the German company's grievance and that it is not simply a smoke-screen for an attempt to drive a foreign competitor out of the market.

In a written opinion, the British Government had urged the court not to stand in the way of the national protection of trade marks. It argued that the general public benefited from trade marks and that a ruling inhibiting Terranova from seeking protection of its name would lead to a breakdown of trade mark protection to the detriment of the consumer.

The German federal court will now have to give its verdict which, in the light of the Luxembourg ruling, looks like favouring Terranova.

Sweden-Sovinfot venture

BY WILLIAM DULFOURCE

STOCKHOLM, June 22

SOVINFLOT, the agent for the Soviet merchant fleet, is establishing a joint venture in Sweden with Falenius and Leffers AB, the Gothenburg shipping, as part of the programme for the expansion of the Soviet fleet into the international shipping trade. The move is of particular interest, as it follows recent complaints from hard-pressed Scandinavian shipowners that the Soviet fleet has begun undercutting freight rates and carrying cargoes at prices which would be uneconomic for the Scandinavians.

The new company, ScanSov Transport AB, will have a share capital of Kr.200-600,000 (£25-75,000), of which Sovinfot will contribute 50 per cent. The Swedish law two-thirds of the directors will be Swedish, as will the managing director. From next year the company will act as general agent for Soviet shipping interests in Sweden, handling the Soviet liner traffic between Sweden and other parts of the world as well as the Soviet Union.

ScanSov will give Swedish business "new transport alternatives on already established markets and also offer transport solutions on markets which are not at present regularly served," a Press release from Falenius and Leffers states.

The general cargo trade between Sweden and the Soviet Union is currently about 100,000 tonnes a year, of which some 80 per cent is carried in Soviet

vessels, according to the Swedish Communications Ministry. The Russians have also been carrying cargoes between Sweden and the U.S. East Africa and the Far East and it is in this trade that ScanSov sees the possibility of expansion.

Prime Minister Olaf Palme brought up the shipping issue during a visit to Moscow in April and further talks were held earlier this month during a visit to Stockholm by the Soviet Shipping Minister.

A spokesman for Falenius and Leffers said to-day that it was not in the Russians' interest to cut freight rates. His company had long had close contact with Swedish shipowners and ScanSov would be a bridge between the Soviet and Swedish shipping interests.

The agreement, announced yesterday, gives Televerket (the authority) technology and manufacturing rights for the SL-1 Swedish market. Northern Telecom's system uses computer-controlled, digital technology.

U.S. price index rise highest in six months

By Our Own Correspondent

WASHINGTON, June 22

U.S. CONSUMER prices rose by 0.6 per cent in May. It was the largest monthly increase since November and reflected the accelerating trend of inflation in the economy from the remarkably low levels of the first quarter of the year.

The May increase in prices compared with 0.4 per cent in April, which was double that of March, which in turn was double that of February.

As expected and foreseen in the most recent wholesale price calculations, the major villains were food and fuel prices.

Seasonally adjusted, the food index rose by a full 1 per cent in May, following a 0.6 per cent increase in April and actual declines in each month of the first quarter. Beef prices were sharply higher for the first time this year, as were cereals and bakery products. Pork and poultry cost much more in May than in April, while the price of coffee, which has been going up for nearly a year, rose by no less than 4.5 per cent last month. These combined to more than offset the big seasonal drop in fresh vegetable prices.

The index for petrol and motor oil jumped by 0.9 per cent last month at the retail level after seasonal adjustments. The first such increase since October. This, too had been expected.

Marginally more encouraging was the fact that the cost of services went up less sharply last month than it had earlier this year. However, the picture was somewhat mixed, with the more moderate rate of increase in part offset by the decline in the cost of mortgages, the first such fall since October.

At the same time, the U.S. Administration was able to report that in spite of the increase in inflation at consumer level, the average American's earnings went up in real terms last month by 1.5 per cent. An 0.8 per cent increase in average weekly hours worked and a 1.5 per cent rise in average hourly earnings exceeded the 0.6 per cent rise in the consumer price index. Disposable income (gross earnings minus income and social security taxes) went up by 1.2 per cent, seasonally adjusted, last month.

The consumer price figures are obviously perturbing, if not surprising, to the Administration's economic advisers. They are still sticking to their belief that the underlying rate of inflation is continuing to run at about 6 per cent per annum, just as they did in the first quarter of the year when the statistics suggested it was barely half that amount.

The fact is that both the U.S. consumer and business can live with this level. There is evidence that the consumer's sensitivity to inflation remains sharp and that he might lose his fragile confidence if the rate exceeds this.

JAMAICA'S STATE OF EMERGENCY

Manley's desperate move

BY CANUTE JAMES IN KINGSTON, JUNE 22

THE state of public emergency in Jamaica has come after the island's security forces spent six months in attempting—sometimes in vain—to contain sporadic outbreaks of violence.

The small and traditionally volatile part of Kingston. Since January, when party political adherents set upon each other in the western section of the city, the problem of crime and violence has come to be the focus of most of the efforts of the Democratic Socialist Government of Prime Minister Michael Manley.

What at one stage was easily identifiable as political violence, however, has become less straightforward. The incidents of fire-bombing, arson and shooting lacked motive. The political parties made it known that they disowned the violence. It was accepted, they had given patronage for years.

The state of emergency was also preceded by the claims of the Government that there were foreign and local elements working to overthrow the country. This was being done, the Prime Minister and other Ministers said, because Jamaica was friendly with Cuba, that it was moving to establish control over the banana industry, and that there was strong objection to the ideology of democratic socialism in the U.S. The crime and violence were part of this strategy of destabilisation. The Government claimed.

Announcing the state of emergency from noon last Saturday, Mr. Manley said there was evidence of a plan to escalate the level of violence. "There were also indications," he said, "that the stage was to have been set for these activities by launching a series of false allegations, based on carefully staged events designed to undermine confidence in the lawfully elected Government, and the constitutionally established security forces of the nation."

He said that these events and allegations would be the basis for "rumour-mongering further contentions and actions which are already playing havoc with our society." He added: "We cannot and will not stand by and

allow this sabotage of our country to continue."

The Prime Minister did not elaborate on the nature of the evidence which indicated the impending escalation in the level of violence. It is expected, however, that he will give some details when he addresses Parliament this week.

The day before the declaration of the state of emergency, a high-ranking member of the Opposition Jamaica Labour Party, Mr. Herb Rose, had publicly stated that the JLP had a strategy for using violence to gain power during the forthcoming elections.

Mr. Rose, who was once a member of the ruling Peoples

prospective candidate. Since then four more have been detained and are being interrogated by the security forces.

The security forces have the power to detain and interrogate anyone who is even suspected of being a danger to the public safety. The case reviewed several weapons and the release of any detainees is decided by the National Security Minister.

The JLP has not taken lightly the state of emergency. A statement issued last night by leader Edward Seaga said that the JLP would support the Government in the use of any

force to recover from the state of emergency. It means that there are still any of the 8,000 illegally held persons which Security Minister Keith Munn said were in circulation in January.

The limited reaction so far has generally supported the Government's action. The Marxist Liberation League, which gives the Government the same type of "critical support" which Cheddi Jagan's PPP gave the Burnham Government in Guyana, has urged the Government to stand firm against its enemies "both in the U.S. Government and in Jamaica itself." Service clubs in the island have also backed the Government's move.

The test of the wisdom of the imposition of the state of emergency, however, will be the extent to which it contains and reduces the incidence of crime and violence.

National Party, which he left to join the small United Party before going to the JLP, said he had seen youngsters being armed and trained to harass the forces of law and order. He knew that as the election approached, it was planned that this violent pattern would escalate. Violence will gain momentum and ferocity. When the election is called, this will witness civil disobedience.

The JLP immediately denied the charges made by Mr. Rose, who said he had given all the information he had to the security forces.

When the state of emergency was declared on Saturday, the first detainees were taken from the Holiday Inn Hotel just outside the resort town of Montego Bay, and which was bought last week by the Government.

Two of the three JLP members who were taken to the detention centre at an army headquarters in Kingston were prospective election candidates. The one known member of the ruling PNP who was taken into detention on the first day is also a hotel owner in the north coast town of Negril.

The emergency has not had any noticeable effect on the island's social and economic life. Some 100,000 tourists are expected to visit the island in the next few months.

Mobil denies violations of oil sanctions in Rhodesia

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, June 21

AN AMERICAN church group, the United Church of Christ, accused Mobil Oil of on the other hand, has been in owned, procurement agents being involved in an elaborate the forefront of American efforts sanctions-busting scheme, designed to change corporate attitudes signed to ensure that Rhodesia towards business conditions in Rhodesia oil needs, plan is adequately supplied with South Africa.

The purpose of the scheme, which allegedly involved bogus international oil companies, invoices and both real and dummy corporations in South Africa, was to protect Mobil from Rhodesia.

The report, by the Centre for Social Action of the United Church of Christ, is, it says, the possibility of being discredited by the act of supplying oil to Rhodesia in contravention of the United Nations sanctions. The report quotes what is said to be a confidential internal memorandum, drawn up by Mobil (Rhodesia), the Rhodesian black nationalist movement to the continent.

Mobil this afternoon vigorously denied the charges, saying that the management of our international division has gone to considerable effort to make a sure that all of our affiliates, particularly those in southern Rhodesia, have been informed of the requirements of U.S. law.

Mobil also took exception to the fact that the report had been issued under the auspices of the U.S. Bicentennial Commission, a radical left-wing group, which costs very little to administer, is done primarily to hide the fact that the MOSA is in fact supplying the MOSA in contravention of U.S. Government sanctions regulations. The report charges that the scheme was drawn up at the behest of GENTA, the semi-

secret Rhodesian Government, established after UDI in 1965. GENTA's job is to determine orders, take delivery and allocate supplies to the various oil companies. Mobil, Caltex, Shell, BP, and others, who retail legally in Rhodesia, are also involved.

Mobil, the report claims, is primarily responsible for supplying the Rhodesian black nationalist movement, the aviation fuel, GENTA would tell Mobil (Rhodesia) which would in turn sell the goods to GENTA, a SASOL, a South African State-owned concern.

From SASOL shipments could take a number of different routes. Typically, the report alleges, shipments would go via a large foreign company to Maseru, an Explorator Ltd., said to be a false subsidiary of Freight Services Ltd., the well known Johannesburg-based shipping and forwarding company. Minerals Exploration would then bill in the U.S. account at SASOL. This lands Bank (a South African institution), receive payment from the MOSA, which would then pay Mobil (South Africa) commission. MOSA would take delivery of the oil, principally via the Bridge railway line, and redress Mao than of our founding fathers.

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OVERSEAS NEWS

South Africa fears over lack of long-term capital

BY GRAHAM HATTON

JOHANNESBURG, June 22.

A SCHOOL was burnt to-day in the Pretoria township of Ga-Rankuwa but other townships were generally quiet after yesterday's rioting and arson, in which at least 13 people died. The death toll since last Wednesday is now over 140. Townships surrounding Pretoria more than 10 buses were burnt out or damaged yesterday.

While it is generally accepted here that foreign risk capital, as well as long-term loan capital, will now be more difficult and costly to attract (A major public corporation today said it would become much more difficult to arrange even syndicated loans) officials in Pretoria point out that very little long-term money was coming in anyway.

The large current account deficit was largely being financed with short-term loans and credits, which the country is already saying a heavy political risk premium. In the second quarter of 1976 even this dried up and the foreign reserves plummeted. It is expected that the capital account as a whole could show a net flow for the second quarter when the figures are finally published late in August.

A bank manager I spoke to today said many of his customers expect sales to suffer as a result of the political uncertainty in the country. One of the town's leading carpet companies had told him that sales this week were a fraction of normal.

But Pretoria is not unduly worried. Officials explain that the economy has just passed through an extraordinary quarter in which the Government has pumped literally hundreds of millions of rands of cash into the economy every month. The cash has filtered through to the business community, which has used much of it to pay foreign bills and cancel foreign credits. Hence the steep fall in the foreign reserves.

Officials explain, though, that conditions will change dramatically in July when new tax rates start to bite, new domestic loans are launched and the Government starts to rein back its own spending. The result, officials say, is likely to be a severe liquidity crunch, which will once again send businessmen abroad to raise foreign credits. It is, therefore, expected that the rate of decline of the foreign reserves will slow down.

Certainly, nothing like the massive outflow of capital that followed the killings at Sharpeville in 1960 can be expected, Pretoria claims. That is because no outward movements of capital have been permitted since 1961 without prior exchange control approval—generally not given.

Even emigrants are permitted to take out no more than half their assets, with the balance transferable after five years.

To-day, securities funds (used by non-residents to buy and sell South African securities in Johannesburg) stood at 82 U.S. cents, against the official exchange rate of \$1.5.

The big worry, however, is not that capital could leave South Africa, but that insufficient new long-term capital will come in. Even if the coming credit crunch succeeds in halting the current deficit, South Africa will still need upwards of R1bn. of new capital every year if it is to achieve a rate of economic growth that is high enough to prevent black unemployment from rising.

At present it is rising by at least 10,000 a month as new workers are unable to get jobs. Greater unemployment, it is said, is likely to result in an even greater number of daily arrests under the pass laws (Blacks are generally forbidden by law from being unemployed in the urban areas) and this could lead to more bitterness and frustration.

far-reaching consequences for Mozambique itself in the form of lost revenue and large-scale unemployment.

In recent months there had been a considerable upsurge in terrorist incursions into Rhodesia from Mozambique. This would have occurred regardless of the outcome of talks with the African National Council which broke down in March because of the "unacceptable demands" of the ANC, which was not prepared to accept anything short of immediate black government.

Mr. Wrathall said that the terrorist leadership "virtually no allegiance" to the ANC, and their publicly pronounced intention was to establish in Rhodesia a Communist dictatorship along the lines of that in Mozambique.

Mr. Wrathall said that the outlook for the Rhodesian economy appeared to be improving, but there were

Lockheed inquiry arrests in Japan

TOKYO, June 22.

JAPANESE police today arrested four men, including three airline officials suspected of receiving \$170,000 from the Lockheed aerospace company.

The arrests were the first by Japanese authorities in their probe of the \$12m. scandal which has rocked Japan's political and business circles and threatened to topple the Government of Prime Minister Takeo Miki.

Charged with violation of foreign exchange and foreign trade control law were three officials of All Nippon Airways: managing director Mr. Yuji Sawai, Mr. Hisayori Aoki, chief of ANA's accounting department, and Mr. Tadao Ueki, chief of the business and international departments.

Police also arrested Mr. Toshiharu Okubo, former managing director and adviser to Marubeni Corp., on suspicion of giving false testimony to a parliamentary committee. Marubeni is one of the top trading firms and Lockheed's former agent in Japan.

The scandal broke into the open last February when a U.S. Senate subcommittee heard testimony that Lockheed paid \$12m. in Japan as part of its overseas sales campaign.

American prosecutors have sought Japanese assistance in unmasking Government officials said to have received illegal payments, but progress has been hampered by a delay in Los Angeles courts in hearing testimony from three Lockheed officials.

Success at Riyadh talks is predicted in Damascus

BY ROBERT GRAHAM

DAMASCUS, June 22.

THE PRIME Ministers of Syria and Egypt are expected to paper over the differences dividing their two countries at their meeting beginning in Riyadh to-morrow and pave the way for a successful summit between Presidents Assad and Sadat.

This is the view of informed sources here. Of particular significance is the inclusion of the Syrian Foreign Minister, Mr. Abdul Halim Khaddam, in the Syrian delegation. He is regarded as one of the elements within the Syrian leadership who has taken the strongest lines against Egypt since the Sinai agreement last August.

Already an agenda is understood to have been broadly agreed. The basic elements of this will be to provide a formula whereby Egypt will restore diplomatic relations—effectively though not formally, broken off two weeks ago at the time of the Syrian intervention in Lebanon—and a framework in which Syria will refrain from direct and indirect attacks on Egypt's acceptance of the Sinai disengagement agreement with Israel.

In private Syria is understood to have agreed to this, and is understood to be going to the Riyadh meeting, being held under Saudi auspices without pre-conditions.

In addition, the parties are expected to arrange for an end to Egypt's opposition to Syrian efforts to settle the Lebanese crisis. This would involve no more active support of the Palestinians in antagonism to Syria—in the wake of the Syrian intervention two weeks ago. Egypt has come out in strong public support of the Palestinians by allowing them to re-open their long closed radio station.

The meeting at Heads of State level between President Assad and President Sadat is unlikely to take place for at least another week. President Assad has undertaken to visit Yugoslavia and then Romania from June 25 to 27, and the meeting would probably take place sometime after that, according to reports circulating here.

For over two months Saudi Arabia backed by Kuwait has been seeking to reconcile Egypt and Syria whose deep divisions provoked by the Sinai Agreement have been exacerbated by the Lebanese conflict and Syria's open intervention in Lebanon two weeks ago, became very exposed diplomatically, and cannot afford to risk unnecessary alienation of Arab states. Nevertheless, this does represent a sharp turn-around for Syria which is now expected to merely "agree to differ in silence" with Egypt over the Sinai Agreement.

Another consideration has been the fact that Syria through its open intervention in Lebanon two weeks ago, became very exposed diplomatically, and cannot afford to risk unnecessary alienation of Arab states. Nevertheless, this does represent a sharp turn-around for Syria which is now expected to merely "agree to differ in silence" with Egypt over the Sinai Agreement.

Both Left- and Right-wing sources reported that fierce fighting began at dawn in the Moslem and Christian suburbs south-east of the capital, particularly around the isolated Palestinian refugee camp of Tel al-Zaatar.

Near the airport, Syrian troops loaded weapons, tents and bedding into the same Syrian trucks marked "Arab Security Force," which brought the 900-man peace-keeping units made up of Libyan and other Syrian units here yesterday.

The appearance of the new Syrian forces, in a neutral role

has prompted sceptics to point out that one Syrian force has simply been replaced by another. Some of the Syrians who entered Lebanon several weeks ago moved south from Beirut to-day and took up new positions near Sidon. One convoy of the Syrians, whose trucks pulled guns and rocket launchers from the position near Beirut airport, was given a Palestinian escort through territory held by commandos and Lebanese Left-wingers.

But as soon as they reached the outskirts of Sidon, the Syrians dismissed the Palestinian military police and dug in at new positions. The commandos, who had planned to escort them further into the mountains, finally formed up just 200 yards from the Syrians.

Arab League secretary-general, Mahmoud Riad said in Damascus yesterday that Sudanese and Saudi Arabian troops would join the Arab peace-keeping force shortly. This would help remove suspicions of any bias on the part of the force, observers said.

About 200 non-Lebanese left Beirut to-day on a British-organised road convoy bound for Damascus.

● Pan-Arab military forces in Lebanon pose a new political threat to Israel. Prime Minister Yitzhak Rabin said to-day, AP-DJ reports.

The inter-Arab peace-keeping troops "do not seem to hold any immediate military danger. The main problem is the political aspect of this development."

The Prime Minister indicated that Israel's new worry was that radical Arab states far away from Israel had overcome political differences and were joining forces to send troops to Lebanon.

ON OTHER PAGES

International Company News: Scandinavian glass

Multinational reply

Alien rights issue

Farming and Raw Materials: EEC farm ministers

Sisal target price

Malay journalists accused of plot

By Wong Sulong

KUALA LUMPUR, June 22. THE Malaysian and Singapore Governments have disclosed an intricate plot by four senior Malay newspaper editors to subvert the Malay population in the two territories to Communism.

In separate statements today, the Governments accused Samad Ismail, a prominent Malay journalist and writer, of being the mastermind of the plot which involved creating despair and disunity among the Malays, undermining their resistance to Communism by ridiculing Islam and fomenting inter-racial hatred.

Mr. Samad (52), managing editor of the New Straits Times, the biggest newspaper in Malaysia, was arrested by the police in Kuala Lumpur early this morning, together with Mr. Samani Amin, the news editor of the Malaysian Berita Harian.

The other two journalists, Mr. Tussein Jahidin, editor of the Singapore Berita Harian, and Mr. Azmi Mahmud, assistant editor, were arrested by the Singapore authorities last week.

The Malaysian Home Ministry claimed Mr. Samad was a member of the Malaysian Communist Party, who was detained in the British in Singapore in 1951 for three years for his Communist activities. He migrated to Malaysia in 1959.

In its statement, the Singapore Government said Mr. Samad and Mr. Azmi had admitted that they were being directed by Mr. Samad in their subversive plot.

Hong Kong's recovery sparks fears

HONG KONG, June 22. HONG KONG is experiencing a very speedy economic recovery such as no other country can match, the chairman of the Federation of Hong Kong Industries, Mr. James Wu said.

However, he told the federation's annual meeting that he viewed the recovery with mixed feelings. While the colony's unique industrial structure enabled it to meet rapidly-changing market conditions, the recovery had caused many problems.

These problems include the danger of over-expansion, the mushrooming of small plants, creating excessive internal competition and also rising material and rental costs.

Reuter

Rhodesia President blames U.K.

BY TONY HAWKINS

SALISBURY, June 22.

THE DEFEAT of the nationalist "terrorists" is Rhodesia's prime objective and "an essential prerequisite to the attainment of an internal settlement," the Rhodesian President, Mr. John Vorster, said to-day.

In his first speech from the throne opening a new session of the Rhodesian Parliament, outlining a largely non-controversial domestic legislative programme, the President repeated recent Government warnings to Mozambique and Zambia on the dangers of "harbouring terrorists." While the Rhodesian Government had to aggressive intentions, he said, it was determined to take "whatever measures are necessary to reserve the integrity of our borders."

As anticipated, the speech from the throne gave no hint of the Government's plans for the recommendations of the report into the racial discrimination published last week. Parliament would be given an "early"

opportunity to debate it, and at the end of this debate the Government would indicate its position on implementing the recommendations.

The Rhodesian President attacked both Britain and the U.S. for encouraging terrorism, hoping to "ward off" further Communist penetration of southern Africa by seeking an early handover to black rule in Rhodesia. The judgment of these Governments was "entirely at fault," the President said, adding that any such handover would lead to internal strife and chaos which Russia would be quick to exploit.

"My Government has no intention of permitting Rhodesia to be sacrificed in this way to appease the Communists," Mr. Vorster said.

Thanks to contingency planning, the effects on the Rhodesian economy of the Mozambique border closure had been minimised, but there were

far-reaching consequences for Mozambique itself in the form of lost revenue and large-scale unemployment.

In recent months there had been a considerable upsurge in terrorist incursions into Rhodesia from Mozambique. This would have occurred regardless of the outcome of talks with the African National Council which broke down in March because of the "unacceptable demands" of the ANC, which was not prepared to accept anything short of immediate black government.

Mr. Vorster said that the terrorist leadership "virtually no allegiance" to the ANC, and their publicly pronounced intention was to establish in Rhodesia a Communist dictatorship along the lines of that in Mozambique.

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Pakistan probe into payments

By Iqbal Mirza

KARACHI, June 22.

THE PAKISTAN Government will hold a thorough investigation into the reported payment of large commissions by the Boeing Aircraft company in connection with the sale of 11 planes to Pakistan International Airlines in the 1960s.

The Minister of State for Foreign Affairs and Defence, Mr. Aziz Ahmed, said to-day in the Senate: "We are determined to get to the bottom of it."

The sale of the Boeings and the alleged acceptance of bribes first arose in the Senate last week following the publication of a news item in the Wall Street Journal that Boeing had paid large sums as commission to bring about sale of Boeings to PIA.

PIA.

"We'd like to think that more people fly TWA across the Atlantic because we're terrific."

The in-flight crew (right) may have something. But of course everyone has their own idea.

Bill Slattery, vice president of schedules, believes TWA's 280 departures every week from Europe, North Africa and the Middle East explain why TWA is the leading transatlantic scheduled airline.

Harriet Korn, director of in-flight, puts up an interesting case for the choice of 2 films and 8 tracks of international audio on every Trans World Service flight.

Dieter Buehler, head of dining, says that the choice of 3 meals in Economy and 5 in First Class is a much more satisfying reason.

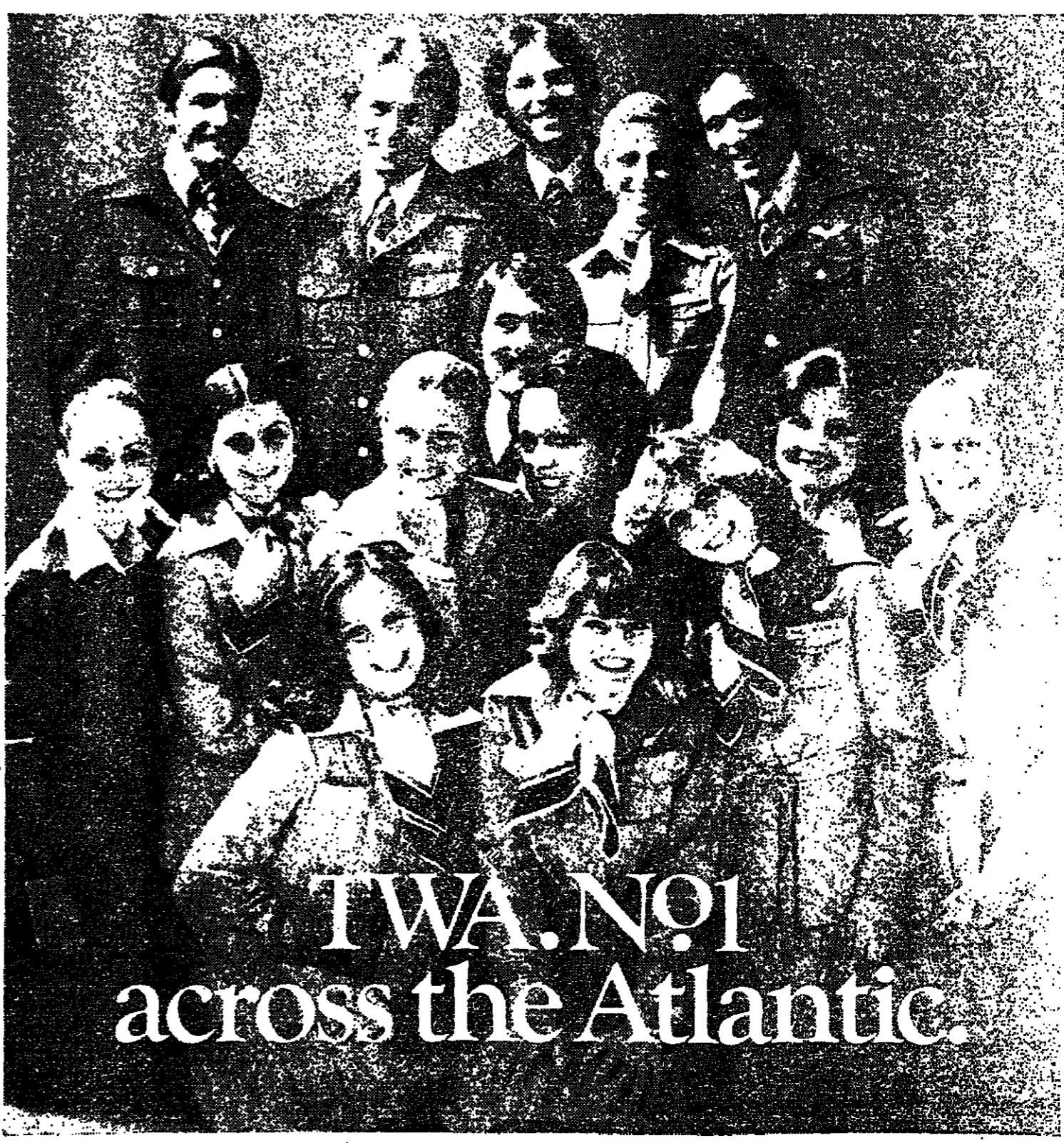
Jules Rondepierre, interior designer, suggests that TWA's wide, body-contoured seats in 747's are more to the point.

Andrée Picq, ground hostess, offers the unique reason of TWA's exclusive New York terminal.

And pilots are certain that TWA's consistent on-time performance is a much more important factor.

But it may just be that Charline, Kathryn, Lewis, Tamara, Shirley, Rick, Larry, Laura, Phyllis, Lynn, Ellyn, Denise, Art, Neal and Jane are right.

After all, they get to know you better than anyone.



TWA. NO!
across the Atlantic.

EUROPEAN NEWS

French capital gains Bill survives crucial amendment

BY RUPERT CORNWELL

PARIS, June 22

AFTER THREE weeks of torrid debate which provoked a serious political crisis, the controversial French Capital Gains Tax Bill at last looks close to approval by the National Assembly.

Earlier this evening the proposal survived a make-or-break amendment that would have pushed them back into the com-

mittee stage for "study," thus effectively killing off a Bill that President Giscard d'Estaing has made the touchstone of his credibility as a reformer. A final vote will now be taken to-morrow afternoon.

Only 20 diehard Gaullists supported the so-called "Bignon amendment" which was rejected by 250 votes to 297. That it was thrown out is all the more significant in that it had been used as a sword of Damocles by the rebels who would have joined forces with the Left-wing opposition had changes in the original Bill not been sufficient for their taste.

Even so the price that the Government will have paid for keeping the coalition together will be high. The final text is a compromise between the modest demands of the Left and the more radical proposals of the Gaullists. It will have produced an extra Frs.1.1bn. (€110m.) in fresh revenue but at the same time will have cost the Government Frs.500m. in extra costs of the new tax.

Its precise shape is still unclear as the Minister was fighting late into the night to soften amendments pushed through with which he disagrees. The bill will exempt certain bonds which he wants exempted but which the Assembly insisted should be included.

This apparent paradox is explained by the fact that capital losses which bonds frequently produce could be offset against gains on share dealings, thus lessening the disincentive to invest on the Bourse.

A compromise appears to have been worked out at a lunch hosted by Prime Minister, M. Jacques Chirac, attended by M. Fourcade and leaders of the Parliamentary Coalition parties. If all goes well only State and indexed bonds will be exempt. Other difficulties cover allowances and the right to deduct capital losses on property dealings as well as on share transactions. Even such a compromise however would be a sorry reflection on a tax which has illustrated not only the astounding conservatism of the "Old France" faced by even the slightest pinch on its pocket—but also on the highly fashionable state of the Gaullists where the Gaullists are deeply suspicious of their Centre and Independent Republican partners, backed by the President.

German textile orders depressed

By Guy Hawtin

FRANKFURT, June 22

WEST GERMANY'S textile manufacturers remain dispirited by the slow recovery of orders during the first four months of the year. While there have been measurable improvements in both production and turnover, orders remain depressed.

April figures—the latest published by the Textile Industry Federation—show bookings at 2 per cent. below the level of the same month of 1975. Twelve months previously they had risen by 7 per cent. on the April 1975 performance, but this was before the industry re-entered the recession.

On the other hand, April's production figures show a 9 per cent. advance on the comparable month of last year despite the fact that there were an extra two working days in April, 1975. Turnover, which in March rose 19 per cent., continued upwards, but with orders still depressed, the Federation is by no means sure that the steady rise will continue.

In the first quarter of 1975 turnover was up by 10.5 per cent. against the first three months of the previous year. The industry is hard put to explain the continued depression in orders. The Federation tentatively put forward the view that the changes in the calendar could be partially responsible.

Romanian for British visit

VIENNA, June 22

ROMANIA'S NEW Minister of Defence, appointed last week in a surprise Government reshuffle, left Bucharest to-day on an official visit to Britain.

The Minister, Colonel-General Ion Ionescu, who was appointed a Deputy Prime Minister. His trip to Britain returns a visit to Romania by British Defence Minister Roy Mason.

Romania is the only Warsaw Pact state to maintain military contacts with NATO countries, a trend which is viewed with misgivings by its Soviet bloc neighbours.

Rolls-Royce is supplying engines for a new military strike aircraft, the Eagle, which Romania is developing jointly with Yugoslavia. Reuter

THE ITALIAN ELECTIONS

BY DOMINICK J. COYLE

Business greets the result calmly

ROME, June 22

CALMNESS rather than any spontaneous enthusiasm has been the immediate mood in Italian business circles following the week-end General Election. The Milan Bourse to-day was described as being quietly active but generally restrained; the lira closed against the dollar at 850 compared with 853.6 yesterday, a moderate improvement which it appears, owing to nothing to Bank of Italy intervention.

In one sense, perhaps, this was a somewhat conservative reaction to an election result which failed to fulfil the widespread Press forecast that the Communist Party (PCI) might well emerge as the largest single political force in Parliament.

It can, however, be viewed in reverse, since there is little doubt (or at least there was none in

Bank of Italy circles) that such a PCI advance would almost certainly have resulted in a further sharp run on the currency and just as likely, a renewed plunge of prices on the Bourse.

Thus, the actual response to-day has been generally encouraging, in terms of an immediate electoral response, but a Bourse spokesman this afternoon made the obviously valid point that "the (economic) crisis still exists," despite the General Election.

The business community, and indeed the trade union movement, are only too well aware of the very real difficulties ahead in putting together any form of effective government, based on these results, and neither side feels greatly optimistic in the short term.

Consequently, the national employers' organisation, has

already planned a meeting of its top executive for the immediate aftermath of the election, and the three main trade union confederations are also likely to meet. One of their spokesmen said, to-night, that what was wanted urgently was not protracted discussion on "political formulae" for forming a government, but rather a clear outline from both the Christian Democrats and the Communists.

They did, however, "exonerate" themselves quite commendably with their "relaxed" forecasts last night as the first results came through for both the Chamber of Deputies and the Senate. The Doha Institute of Milan in particular, was particularly impressive, getting the final percentage figures for almost all of the parties right within a few hours of the polls closing yesterday afternoon.

It is now evident that the considerable number of "don't know" votes cast in the election week-end—estimated at more than one in ten of the electorate—will be the pollsters' excuse for getting the result wrong. Both main organisations underestimated considerably the results for the two leading parties, the Christian Democrats and the Communists. They did, however, "exonerate" themselves quite commendably with their "relaxed" forecasts last night as the first results came through for both the Chamber of Deputies and the Senate. The Doha Institute of Milan in particular, was particularly impressive, getting the final percentage figures for almost all of the parties right within a few hours of the polls closing yesterday afternoon.

EEC, Nato officials fear further delays

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, June 22

LAST WEEK-END'S elections have done little to dispel the uncertainties clouding the Italian political scene in the view of officials at the EEC Commission, many of whom fear that delays in installing a new Government could further impede the Community's operations in the weeks ahead.

At the Nato headquarters in Brussels, the results have been greeted with a more evident sense of relief, because they have removed the threat of immediate dilemma which would have confronted the alliance had the Communists emerged from the polls as the single largest political party.

In both organisations, though, there is undisguised concern that the indecisive outcome of the vote will make it extremely difficult to install a new Government, and that, with the start of the holiday season approaching, delays to assemble a workable coalition could drag on through the summer.

Such a prospect, it is feared, would lead to a continuation of the situation which has prevailed during the past few weeks, in which the uncertain political conditions in Italy have been cited as grounds for deferring Community decisions on a number of important issues.

Though there has been a good deal of talk recently about the possibility of mounting a Com-

munity programme to bolster Italy's economic and financial position, there have been no signs so far of any concrete moves towards this end.

Even then, much of the impetus for economic package would have come from the West German Government, which is apparently reluctant to commit itself to such a major policy decision in advance of next October's elections.

It is not yet clear whether the EEC partners will now make it easier for the Community observers believe

that serious discussion of Italy's position in the Community is unlikely to occur before the "summit" of EEC Heads of Government on July 12 and 13.

Even then, much of the impetus for economic package would have come from the West German Government, which is apparently reluctant to commit itself to such a major policy decision in advance of next October's elections.

It is not yet clear whether the EEC partners will now make it easier for the Community observers believe

to decide on a site for its Joint European Torus thermonuclear fusion project, which has been at the centre of debate for the past several months.

The choice of sites has been narrowed down to four: Britain, France, Germany and Italy. The implications of the Italian elections have been cited by some Community officials as a reason for deferring a decision, but it is doubtful whether Italy's EEC partners will now be posed to press their claims any less vigorously than in the past.

Nestle drops three of four libel complaints

BERNE, June 22

THE Swiss-based multinational Nestle Food Company to-day withdrew three of four complaints it brought in a criminal libel action against 17 young Swiss who had attacked its baby-food promotion methods in third world countries.

A lawyer for Nestle, Mr. Hanspeter Waltherr, told Berne District Court the company would proceed only with a complaint against the title of the pamphlet, "Nestle kills babies," published in May, 1974, by a third world action group in Berne.

Two of the complaints it withdrew related to allegations in the pamphlet that Nestle and other companies had indulged in unethical and immoral activities, and that by its sales promotion policy Nestle had been responsible for the deaths of physical and mental damage to thousands of children.

The third withdrawn complaint referred to statements in the pamphlet that sales representatives for Nestle had been found dead as a result of sales methods a "scientific appearance."

Mr. Waltherr announced that Nestle was withdrawing the complaints at the start of what were expected to be final hearings in the two-year-old suit, which comes under the Swiss penal code.

Mr. Waltherr gave no reason in court for Nestle's action. But he told reporters outside the courtroom during a break that the company wanted to facilitate the court proceedings.

Judge Juerg Solberg said in court that Nestle would have to bear the costs incurred by the defendants—mostly students, pastors and teachers—in preparing their defence against the complaints now withdrawn.

Eleven members of the Third World Action Group which published the pamphlet are before the court along with four other defendants—mostly students, pastors and teachers—in preparing their defence against the complaints now withdrawn.

The pamphlet accused Nestle of responsibility for the deaths of babies in third world countries and of causing physical and mental damage to thousands of children.

Portugal PM criticised

BY PAUL ELLMAN

LISBON, June 22

A FRESH outpour of bitterness was added to Portugal's presidential election campaign to-day by a sharp attack on the Prime Minister, Admiral Pinheiro de Azevedo, by Brigadier Vasco Lourenço, governor of the Lisbon military region.

Brig. Lourenço, a close supporter of General Ramalho Eanes, the army chief of staff and the front-runner in the race for the Presidency, described himself as "genuinely revolted" by remarks made by the Admiral. The Admiral has been publicly questioning Gen. Eanes' political past and suggesting that the army chief could install a new authoritarian regime if he wins next Sunday's election.

Interviewed to-day, queried whether he added to Portugal's presidential election campaign to-day by a sharp attack on the Prime Minister, Admiral Pinheiro de Azevedo, by Brigadier Vasco Lourenço, governor of the Lisbon military region.

The latest spate of mudslinging came against the background of more campaign violence. Youths wielding iron bars clashed in Lisbon early to-day after Eanes campaign posters were allegedly covered by others supporting the Communist candidate, Senor Octavio Pato. Later, Eanes supporters threw stones at the headquarters of the Young Communists.

Brig. Lourenço, in a newspaper

Romanian for British visit

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The Minister, Colonel-General Ion Ionescu, who was appointed a Deputy Prime Minister. His trip to Britain returns a visit to Romania by British Defence Minister Roy Mason.

Romania is the only Warsaw Pact state to maintain military contacts with NATO countries, a trend which is viewed with misgivings by its Soviet bloc neighbours.

Rolls-Royce is supplying engines for a new military strike aircraft, the Eagle, which Romania is developing jointly with Yugoslavia. Reuter

Kissinger call to 'democrats'

BY RUPERT CORNWELL

PARIS, June 22

SECRETARY OF STATE Henry Kissinger to-day more or less urged the Italian democratic parties (excluding the Communists and the neo-fascists) to form a government, despite the inconclusive result of the week-end election.

Addressing a Press conference to-day, Dr. Kissinger refused to be lured into an outright condemnation of any Communist participation in Government, as he has done on several occasions in the past.

He noted however that with 50 per cent. of the vote the democratic parties had a majority and the possibility of forming a coal-

ition. But the election had not solved Italy's basic problem of deciding whether the reform parties (excluding the Communists and the neo-fascists) to form a government, despite the inconclusive result of the week-end election.

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IRELAND'S ACHILLES' HEEL

The Easter Rising returns

BY GILES MERRITT IN DUBLIN

THIS MORNING a prominent and respected Irish politician, Dr. David Thornley, who is also a member of the European Parliament, is due to appear in the company of the cream of the Provisional IRA leadership at a Dublin District Court to answer charges of having taken part in an unlawful demonstration—namely, the Provisionals' banned Easter March through Dublin in April that commemorated the 1916 rising with a determined show of strength.

Dr. Thornley, who is the Irish Coalition Government's side the Dail, until the Labour Party, here recently withdrew the whip from him, because he had appeared on the speakers' platform at the Provo's rally, to-day, providing they show up, he will be taking his place in the dock alongside such notorious Provo chiefs as Rory O'Brady, Maire Drumm, David O'Connell and Joe Cahill, who are 100 Provisional Republican sympathisers are believed to have received summonses to appear in court under Section 27 of the Republic's anti-IRA legislation, the Offences Against the State Act, in what is being described as Ireland's biggest-ever legal action against the Provisionals.

When politicians of Dr. Thornley's standing keep such controversial company, and after a year that has seen the IRA take on Ulster by Flanna Fail, the opposition party, harden to merge with IRA demands for a British commitment to withdraw, it seems a good time to ask whether militant republicanism here, and whether that support is growing or is on the wane.

It is a question the Irish are now beginning to ask themselves. The Dublin-based Economic and Social Research Institute, which frequently advises the Government, has just started an 18-month study of Republicanism and the North (backed by the Ford Foundation) and will report towards the end of next year.

Nowadays, it is fashionable in official circles in Dublin to play down the level of support that the Provisional IRA can count on. Senior Ministers confide to journalists that the IRA is at its lowest ebb for many years and make it clear that the tough law-and-order stance adopted by the Minister Mr. Liam Cosgrave is sapping the Movement's willingness to carry on the struggle.

It is true that in the past 12 months the Irish Government has done much to change Ireland's image of harbouring and giving comfort to terrorists operating in Northern Ireland. Dublin's no-talk, no-quarter attitude to the IRA is being increasingly contrasted in Britain and Ulster with the refusal by the Northern Ireland Secretary Mr. Merlyn Rees to break-off all contact with the movement's "political wing" Provisional Sinn Fein.

If anything, though, Mr. Cosgrave's hardline approach has highlighted the uneasy ambivalence towards Republicanism of the Irish Government and the Irish people.

The Provisional's Easter Rally that brought Dr. Thornley into conflict with his political col-

leagues is a case in point. Although it was never the 10,000 strong march that the organisers claimed—more like half that number—observers were struck by the political favour of the event. It had been expected that the demonstration would be a ragged rabble, most of it down from the hills, and that the usual incoherent threats against Dublin and Westminster and ending in a riot. In the event, it was orderly and unprovocative.

The rally gained a good deal of political respectability from Dr. Thornley's surprise appearance on the green and orange tricolour-draped lorry that served as the speakers' platform. The point about Dr. Thornley is not that he is in any sense a convert to the Provisionals' thinking, even though the last time he caused a major stir outside Ireland was when he visited hunger-striking IRA Chief of Staff Sean MacStiofain. Former TV-interviewer David Thornley is a maverick and his presence at the rally was meant to challenge the Government's right to ban the march (and, incidentally, direct the State broadcasting monopoly to play down its coverage of it). His stand is in defence of civil liberties.

The significance of Dr. Thornley's stand is that a growing number of Irishmen believe that the present Government is going too far in its war on the

Provisionals and that they have a right to make themselves heard. The day after Dr. Thornley was expelled from the Parliamentary Labour Party, the Dublin Regional Council grouping Dublin's Dail constituency, voted 29 to 3 for his reinstatement.

The irony is that Dr. Thornley never spoke at the Easter Rally because he told the organisers that if he did so it would be to disapprove of the Provisional IRA. He was not, therefore, allowed to speak. More recently, Dr. Thornley has been touching a number of other sensitive nerves. When he learned that his Provo RIA escapade was not to go unpunished, he commented bitterly that it was not just Mr. Cosgrave who was demanding his head but also the British Government. If there is one thing that bedevils Anglo-Irish co-operation it is Irish Government fears of being branded "British lackeys."

Ireland's republicanism is born of nationalism and a yearning for independence, and remains a legitimate aspiration. To British eyes, though, the territorial claims embodied in Articles 2 and 3 of the Constitution are about as unrealistic as any British attempt to keep Ireland on the map would seem, and inside the Irish Cabinet there has been persistent pressure for the two Articles to be amended, as recommended by an all-party working group in 1967. It is not that Mr. Cosgrave is ready to grasp.

A week ago his Government announced a costly autumn referendum on the controversial issue of adoption law, and even if the equally emotive issues of divorce and contraception are eventually included the territorial question will definitely not be put to the popular test.

A random survey carried out in a recent radio programme established that the Irish are increasingly divided over their State's constitutional claim to Ulster. On the other hand, they are united in their fear that civil war could spill south of the border—no confirmation of the Provo propaganda on the campaign of violence is now the case. Yet the Irish connection continues to fuel the Provisionals.

The Irish community in the U.S. supplies the cause though in Britain Irish expatriates have lately stopped the Provo bombings by informing on them. Ireland itself, meanwhile, is split. Mr. Cosgrave summed up the issue himself in a keynote speech two years ago when he said that violence was "killing" the desire of unity that has been our heritage.

The danger is that the issue is becoming more and more a political football. The party has just suffered an embarrassing by-election defeat in Donegal at the hands of an "independent" Flanna Fail candidate even more hawkish on

the Ulster issue. Dr. Thornley, once again hit the headlines when last week he ostentatiously turned out to welcome the new member for Donegal.

Lurking republicanism is therefore something that the three main Irish political parties suspect in the electorate and in the Government.

The present Government puts off changing the Constitution because it will be accused of confirming partition. Flanna Fail, in uneasy opposition, has decided to harden its republican attitude and calls on the British Government to leave Ulster. The Provos may want Britain out of Ulster, but having achieved that aim, the fear is that they could turn on Dublin. As a result, the main plank of the Cosgrave government's northern policy is that while the Irish Constitution must remain unchanged in the foreseeable future, Britain must remain in Northern Ireland.

Irish republicanism is like strong drink: the Irish brought up on the stuff are in the position of previously inebriated alcoholics. Mr. Cosgrave is fearful that if the country is allowed to taste the spirit once again it will lose all temperance, though he dares not ban the drink as harmful.

But then Mr. Cosgrave's government is uncomfortably well aware that it is more threatened by such militant republicans as the Provos than by the British Government. The Provos may want Britain out of Ulster, but having achieved that aim, the fear is that they could turn on Dublin. As a result, the main plank of the Cosgrave government's northern policy is that while the Irish Constitution must remain unchanged in the foreseeable future, Britain must remain in Northern Ireland.

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All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE

June 15, 1976

CITY OF COPENHAGEN

20,000,000 European Units of Account
8 3/4 % 1976-1986 Bonds

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Privatbanken Aktieselskab Smith Barney, Harris Upham & Co. Incorporated

Banque de l'Union Européenne Crédit Commercial de France Deutsche Bank Aktiengesellschaft

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Crédit Industriel d'Alsace et de Lorraine	Crédit Industriel et Commercial	Crédit Lyonnais	Crédit du Nord
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Deutsche Girozentrale-Deutsche Kommunalbank	Dewaa & Associés International S.C.S.		Effectenbank - Warburg
EuroPartners Securities Corporation	European Banking Company	First Boston (Europe)	Robert Fleming & Co.
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Kredietbank (Suisse) S.A.	Kuhn, Loeb & Co. International		Kreditbank N.V.
Landesbank Schleswig-Holstein Girozentrale	F. van Lanschot, Bankiers	Manufacturers Hanover	Merrill Lynch International & Co.
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Union Bank of Finland Ltd.	Union de Banques Arabes et Européennes - U.B.A.E.	Vereins- und Westbank	
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HOME NEWS

Scotland and Wales 'must have say in Europe Parliament'

BY A. H. HERMANN

A EUROPEAN Parliament providing member states with representation proportionate to their population and providing a sufficient number of seats for Scotland, Wales and Northern Ireland should be established by direct elections in two years, says a Commons Select Committee set up on May 18 to consider the matter.

The Committee yesterday published its first report. It appears to be very much in line with the so far unpublished agreement reached to have been reached by the informal meeting of the EEC Foreign Ministers held in Luxembourg on June 12 in preparation for the July summit of Common Market heads of government.

The Select Committee recommendations appear to be also in agreement with a motion passed by the European Parliament on June 16 calling for a body of 350 to 400 deputies, directly elected so as to ensure representation of member states and minorities and regions within the States. France had earlier favoured a European Parliament composed at present of only 198 members and giving relatively greater weight to smaller member States.

This first report, which will be followed by a final report by October 30, recommends that the Government should agree in the EEC Council to elections held throughout Europe on the same day or within a few days in May or June, 1979.

The Government should press for an agreement on a directly elected European Parliament of between 350 and 425 seats. This should be enough to provide after devolution for the U.K.'s component parts not to be under-represented in comparison with smaller EEC countries such as Belgium, Denmark and the Netherlands.

A member of the British Parliament should be eligible for election to the European Parliament. The decision whether he should try to combine both jobs should be made by the individual concerned and there should be no bar imposed by legislation.

Mr. Bryan Gould, Labour MP for Southampton Test, as anti-Marketer member of the committee, issued a statement criticising the work of the Select Committee and its conclusions. He thought that "the committee reached its recommendations with undue haste, having ignored witnesses opposed to the Government plans."

Prince attacks Arab investment in U.K.

BY QUENTIN GUIRDHAM

A SAUDI Arabian prince spoke out yesterday against large Arab investments in British property. The rebuke from Prince Nawaf Ben Abdul-Aziz was mild, however. He said of the Arab purchase of the Dorchester Hotel for £20m: "I have nothing against anyone investing money in that sort of thing, but I prefer that we invest our money in Arab countries."

There was a need throughout the Arab world for such investments, said the Prince, a brother of the King of Saudi Arabia and a former Foreign Minister. They could be sound business propositions.

He was talking in London when announcing that he was investing \$52m in an Egyptian building project, the tourist and residential development near the Pyramids which eventually may cost \$500m.

Prince Nawaf's investment is in SPP (Middle East), a subsidiary of Southern Pacific Properties which is a Hong Kong-registered public company run largely by British executives. The shipping group P & O has a 22 per cent. shareholding and Trust Houses Forte about 3 per cent.

The other major shareholder in Southern Pacific Properties is Mr. Adnan Khashoggi, an arms salesman and agent for Western companies selling to the Middle East. Earlier this year he subscribed for 28 per cent. of the enlarged capital.

SPP (Middle East) is to develop the Pyramids Oasis through Egyptian Tourist Development, in which the State-owned Egyptian General Organisation

for Tourism and Hotels is the other shareholder. It is thought that another prominent Arab shortly will take a stake equal to that of Prince Nawaf's in SPP (Middle East).

The Prince said that other international participation would be welcomed. "We are pleased to contribute our share and to co-operate with international companies which bring in their knowledge and expertise to the area."

"We firmly believe that Arab resources must be primarily invested in the development of our countries."

His remarks may have been more pointed because of a report after the Dorchester deal that two blocks of flats in Park Lane were to be sold to Arab investors for £5m. The receiver for the Lyon group, which owned the blocks, later denied any knowledge of an Arab consortium's bidding for the properties.

Tourism

Sheikh Najib Alamuddin, chairman of Middle East Airlines and a director of the company buying the Dorchester, said yesterday that MEA had "always been anxious to become associated with a first-class London hotel." It would help MEA to promote business and tourist travel to the U.K.

A reaction to the Dorchester sale from Tel Aviv was that Israel would no longer use the hotel. Israel Radio said President Ephraim Katzir, who stayed there last week, was "possibly the Dorchester's last Israeli client."

Plutonium risk worries nuclear energy planners

BY DAVID FISHLOCK, SCIENCE EDITOR

PLUTONIUM and other highly radioactive by-products of nuclear energy may come under attack in a report on radiation hazards to be published by the Royal Commission on Environmental Pollution in September.

The study of radiological hazards was undertaken at the initiative of Sir Brian Flowers, chairman of the Royal Commission and a part-time Board member of the U.K. Atomic Energy Authority.

Sir Brian, in a brief statement to the national energy conference in London yesterday, dismissed worries about what he termed the "straight engineering aspects" of nuclear energy. But his commission had not been wholly convinced on the safety of plutonium and the higher actinides—the more deadly elements of radioactive waste.

It found it difficult to accept that there should be a massive increase in the U.K. nuclear power programme until at least one method of dealing with these substances beyond all reasonable doubt had been found.

The Commission did not want to prevent an "appropriate" nuclear programme, but it did not believe that alternative energy sources had been sufficiently explored.

The U.K. Atomic Energy Authority estimated, in its evidence to the Royal Commission, published this month, that the number of transfers of spent nuclear fuel containing the highly radioactive actinides, from nuclear stations to reprocessing plant would increase from 400 last year to 645 by 1980, 720 by 1990 and 2,700 a year by 2000.

Its report noted several possible methods for the ultimate disposal of the actinides in ways that would ensure that they could never get back into man's environment. These included burying the solidified waste deep in the earth or on the floor of the ocean.

It also suggested that the actinides might be separated from the waste and converted to shorter-lived fission products in a nuclear reactor. This process of actinide incineration would initially reduce the hazard by only about 1 per cent. It was calculated, but after 600 years could reduce it by about 89 per cent.

The development of actinide incineration would call for a massive programme costing tens of millions of pounds or more "over 10 to 15 years."

Court move on Tameside schools is delayed

THE Education Secretary's High Court move to compel Tameside schools to go comprehensive will not be heard this week as planned.

Three judges, including Lord Widgery, the Lord Chief Justice, agreed yesterday that the case should be held back to give Tameside Council time to prepare evidence.

Mr. Anthony Lloyd, QC, for the Council, said that solicitors in London and Manchester had been working on the case since last Friday, when Mr. Fred Mulley, Secretary of State, was granted leave to apply for an order of mandamus.

The lawyers would be ready by the middle of next week.

The order, if granted, would oblige the council to comply with Mr. Mulley's directive to introduce comprehensive education. Tameside education committee wants to retain its five grammar schools.

Essential

Mr. Harry Woolf, counsel for Mr. Mulley, said that the school term would end on July 16 and it was essential that the matter be dealt with well before that date.

Lord Widgery agreed, and said that the earliest suitable date would have to be worked out in fit with the other business of the Queen's Bench divisional court.

Free banking continues at Williams and Glyn's

BY MICHAEL BLANDEN

WILLIAMS & GLYN'S Bank promised yesterday that it would maintain until the middle of next year its free banking policy for personal customers who keep their accounts in credit.

It would have to consider the possibility of increasing its charges eventually, however. There had been a substantial increase in costs since the basis of the present tariff—the first London clearing bank tariff to provide free banking for personal accounts in line with what was established in August, 1973.

Mr. Richard Lloyd, chief executive of Williams and Glyn's, said that he expected

to gain extra business as a result of the increased competitiveness of the bank's terms resulting from the higher charges announced by the big four clearing banks.

"Our free banking move attracted a lot of new customers and we hope that by maintaining this policy we can increase our business further over the next year or so."

At the same time, the Co-operative Bank reaffirmed its policy of maintaining free banking for all personal customers in credit, in line with Williams and Glyn's.

The Co-op commented: "With our network of regional branches and our 4,000 in-store banking points at main Co-op

shops, we do not face the high cost pressures of other big banks and, therefore, there are no plans to reintroduce charges."

The Co-op charges overdraft customers 4p for each debit entry and 7p a time for standing orders and direct debits.

Under the Williams and Glyn's tariff personal customers pay charges only if they overdraw during the quarterly charging period.

Charges are then made at a rate of 6p a time for automated items such as standing orders and 8p for other debits and credits. An offset at 5 per cent. a year on any credit balances is allowed.

People 'more dishonest every year'

PEOPLE ARE becoming more dishonest each year and criminals are becoming more violent, according to a report on the work of police in England and Wales published yesterday.

The report, by Sir James Haughton, the Chief Inspector of Constabulary for England and Wales, says that reported crime last year increased by 7 per cent. (The figure excludes the Metropolitan Police District.)

"The figures for reported crime have now reached such serious proportions that little consolation can be gained from them no matter how they are interpreted," writes Sir James. "The sad fact emerges that more and more people are behaving dishonestly each year and are seemingly prepared to break the law to get what they want."

More and more criminals were resorting to violence when committing crime. "Vicious and ugly attacks on individuals especially in the communications are becoming all too commonplace."

Total expenditure on all police forces in England and Wales, including the Metropolitan Police, was £640m in 1974-75, compared with nearly £496m. the year before.

More emphasis on police-community relations, and improved recruitment, are referred to by Sir James, who discloses that there are now 15 specialist departments at police headquarters outside London dealing with this problem, with 131 officers working exclusively in anti-anticipated expenditure between now and March, 1977.

GLC to make £19m. cuts in projected spending

BY DONALD MACLEAN

THE GREATER London Council is to cut its projected spending in the current financial year by £19m., or about 1.3 per cent., its controlling Labour group has decided.

The decision comes after the recent call for local authorities to restrict their spending, in inflation-adjusted terms, by more than the latest estimates have suggested that they have. Councils have been asked by the Department of the Environment to produce revised budgets by July 16.

The GLC proposals are understood to include the cutting of a further 300 jobs, by wastage, on top of the 1,200-1,500 which it was reckoned in the autumn would be lost in a similar way.

Sir Reg Goodwin, leader of the GLC, said yesterday: "The recent Government circular to all local authorities to restrict their spending programmes within the guidelines which the Government has previously laid down will be adhered to by the GLC."

His statement came amid reports that some local authorities were deciding not to adhere to Government policy.

Sir Reg said: "I have asked all chairmen of GLC committees to review their spending programmes for this year, with the aim of cutting £19m. off our anticipated expenditure between now and March, 1977."

The cuts would be "extremely painful." The one area that would be exempt from cuts was housing. That area apart, standards in the other GLC services would be "inevitably reduced."

The money saved, would come basically from not spending £12m. reserves set aside for "unforeseen items" which crop up during the year. This £12m. would almost certainly have been spent on a budget the size of the GLC's.

In addition, there was to be a cut of £4m. from the transport budget; £1m. was to be saved by replacing half of those staff who leave the GLC's employment, and £2m. by reducing "goods and services and increasing charges other than rents and fares."

"In a word, parks, roads and concert halls will all become a little more shabby this year and several schemes which we considered essential for inclusion in this year's spending will have to be deferred again."

The GLC will debate on Tuesday an opposition motion calling on the Council to confine to those "in need" receipts of subsidies from public funds essential to the running of a service—against the background of the Government calls for renewed restraint in public expenditure—and to confine expenditure to the "essential," as well as to increase the "productivity of staff."

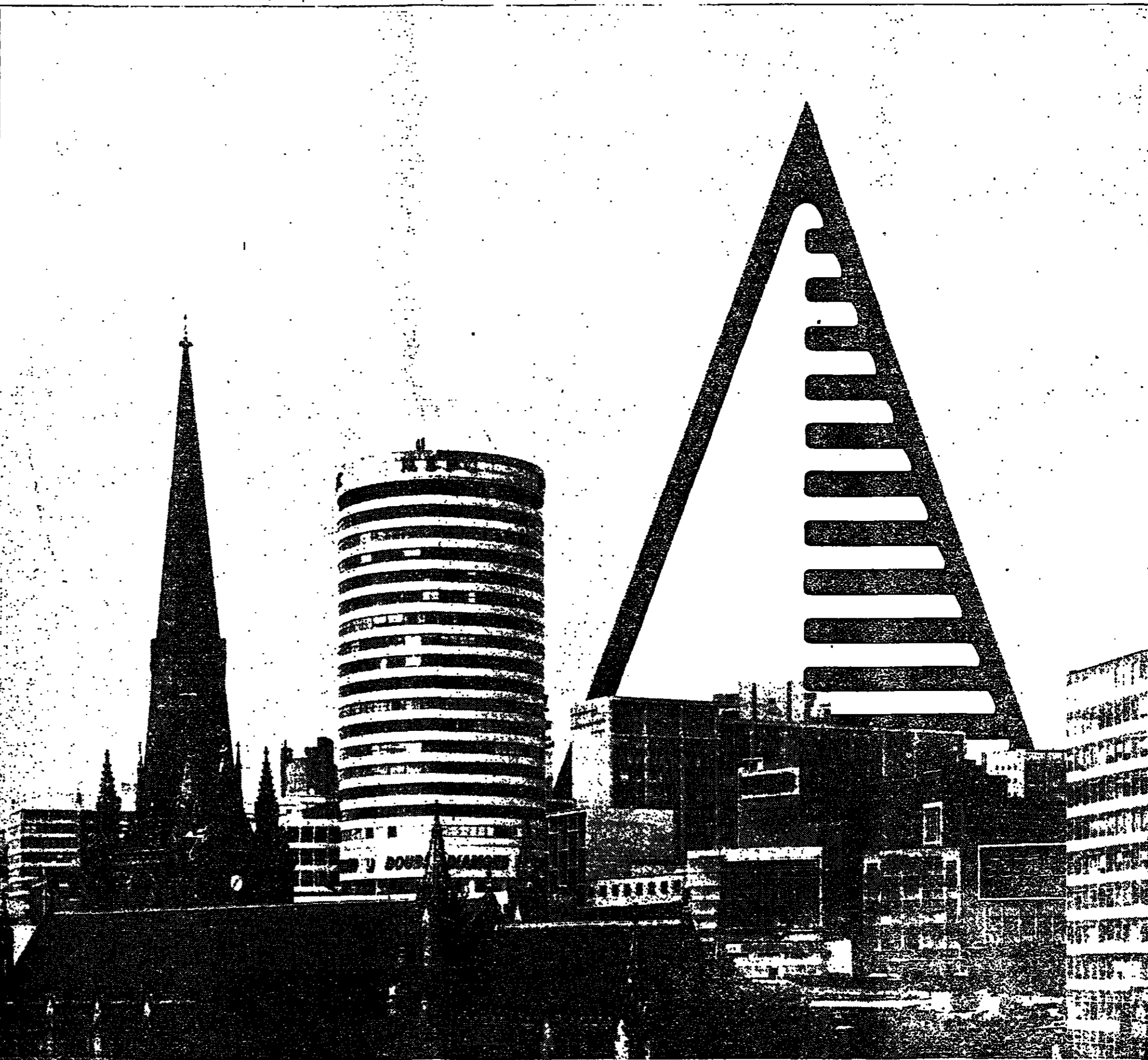
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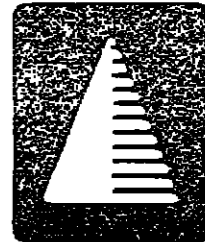
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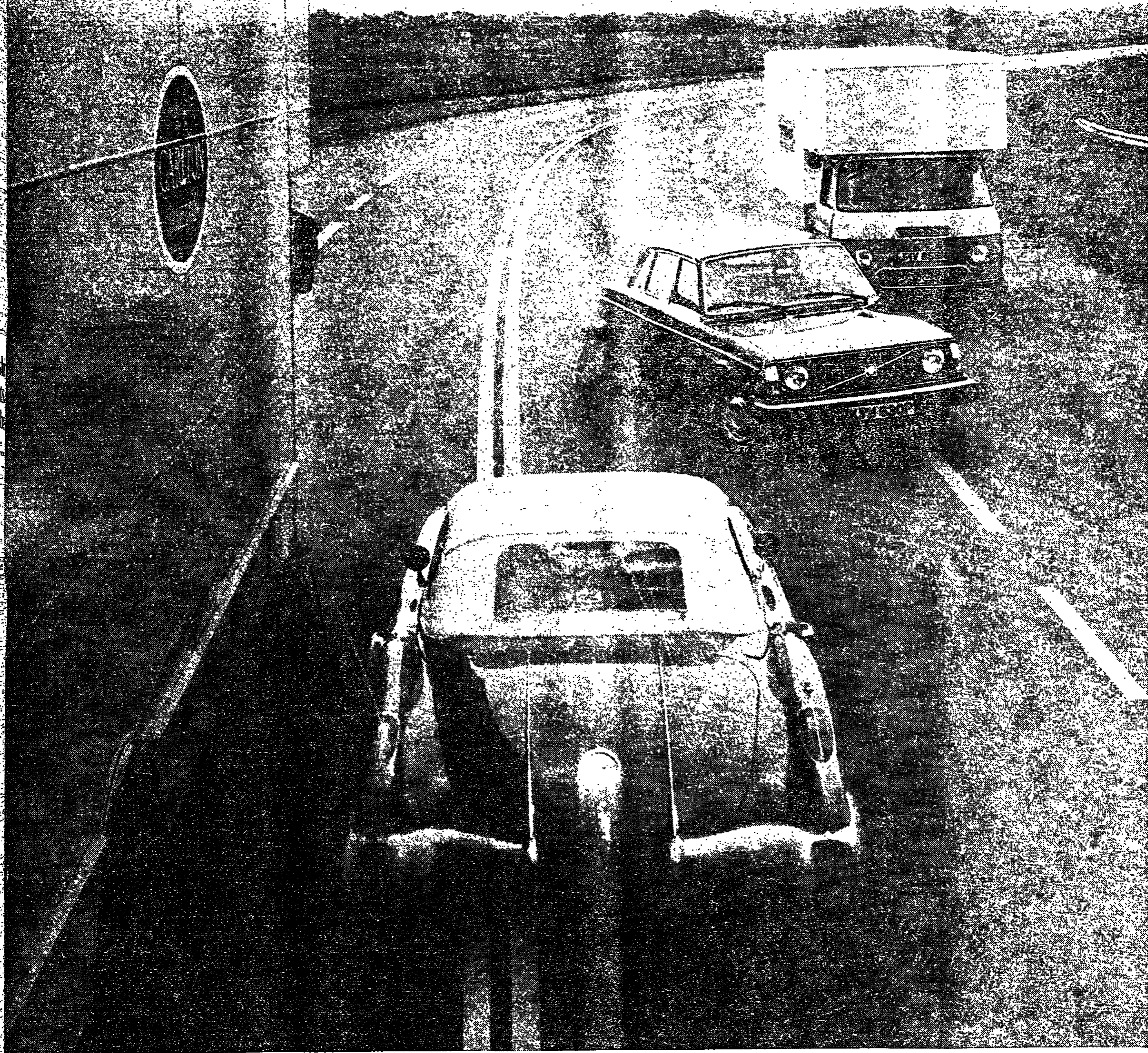
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The Monopolies Commission has given London Brick a clean bill of health, but wants a change in charges for delivery. Geoffrey Owen reports.

A brick industry monopoly

LAST WEEK'S Monopolies Commission report on the brick industry underlined one of the great problems of competition policy: once an industry has become dominated by a single powerful concern, it is very difficult to change its structure. Short of breaking up the monopolist into smaller units (which would only be justified if he was flagrantly abusing his power), the best that can be done is to induce or compel certain changes in his behaviour which will make it easier for new competitors to emerge.

Thus the principal recommendation in the report on bricks is that London Brick should relate its transport charges to the actual costs of delivery. In this industry transport costs are high in relation to the costs of production and London Brick has long had a policy of overcharging for delivering bricks close to its works and undercharging for delivering at a distance; this was part of its strategy for developing a national market for fletton bricks, which are produced out of lower Oxford clay mainly in the Peterborough, Bedford and Bletchley areas.

The Commission pointed out that the extent of undercharging in the most distant areas was as high as 17 per cent, which represented about 11 per cent of the ex-works price and more than 7 per cent of the delivered price. "This practice," says the report, "represents unfair competition and could lead to an inefficient use of national resources. This could arise if, as a result of LBC's pricing policy, some builders in (say) Wales were to find LBC's bricks cheaper than equivalent locally produced bricks when the costs of producing and delivering the latter were lower. This would be objectionable, particularly if the importing area suffered from relatively high unemployment."

be made wherever there is suitable clay or other material. sold out to LBC eight years later mainly because LBC had always been able to dominate prices; its policy of maintaining maximum utilisation of capacity had led to an "unattractively low" price level. The company had thought about re-entering the market but, "so long as LBC remained in control of that sector," Redland told the Commission, "we would not want to be in it as a small

STRUCTURE OF THE BRICK INDUSTRY

DELIVERIES OF FLETTON AND NON-FLETTON BRICKS (millions)

	Total	Fletton	Fletton as % of total	LBC	LBC as % of fletton	LBC as % of total	Non-fletton	Non-fletton as % of total
1950	5,929	2,034	34.3	1,477	70.2	24.1	3,895	65.7
1960	7,232	2,919	40.4	2,012	68.9	27.8	4,313	59.6
1970	6,356	2,746	43.2	2,309	84.1	36.3	3,610	56.8
1972	6,998	3,016	43.1	2,883	95.6	41.2	3,982	56.9
1974	5,011	2,050	40.9	2,050	100.0	40.9	2,961	59.1

materials would simply be raised by similar amounts. Whether the company or the Commission is right remains to be seen — the Office of Fair Trading is to start negotiations with the company soon—but the fact that it was the only recommendation for change contained in the report illustrates the strength of London Brick's position.

The company was founded in 1900, some 20 years after a London Brick acquired three of the four surviving fletton competitors—Marston Valley, Redland and Whittlesea Central—while the fourth, Flettons Ltd., ceased production; London Brick now accounts for 100 per cent of fletton output. The fuel because of the carbonaceous content of the clay, and the unusually high strength in the unburnt and the burnt brick suggest that LBC had set out to obtain a complete monopoly as a matter of policy. Redland had entered fletton

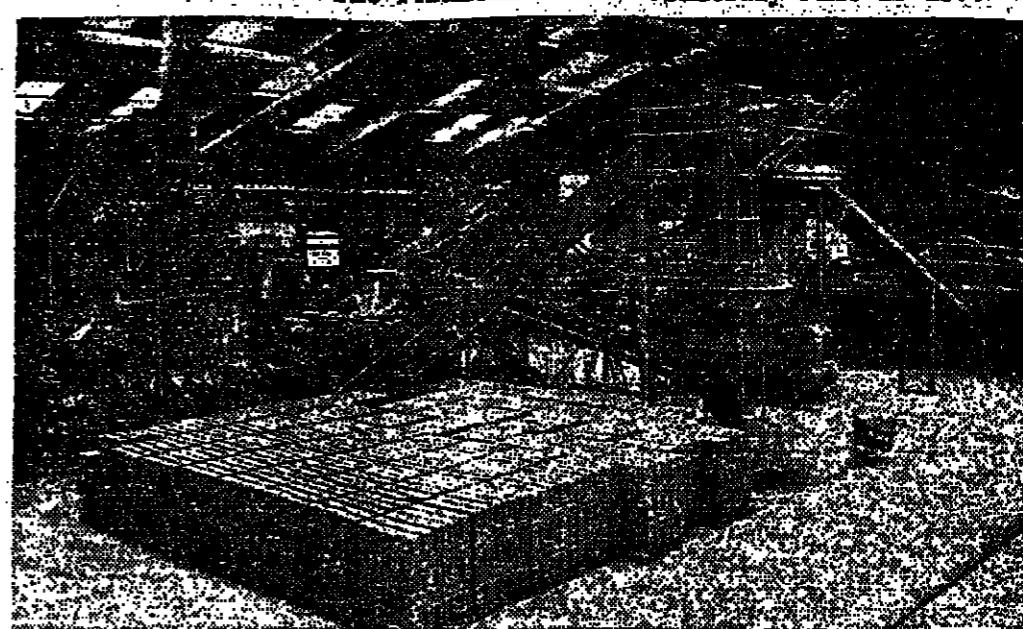
brick-making in 1963 and it uncertain. LBC's monopoly of fletton brickmaking seems unlikely to be challenged."

In fletton brickmaking the main manufacturing unit is the Hoffman transverse-arch type kiln which produces some 62.5m. bricks a year. The most efficient plant would contain four of these units, producing 250m. bricks a year with a total of 250 men. LBC had 23 works operating in 1973 and all but two of these were built before the war: the two "new generation" works are New Saxon and Kings Dyke.

On the non-fletton side of the industry the efficient works, according to the Commission's studies, should have a minimum capacity of at least 25m. bricks a year. At present nearly two-thirds of non-fletton bricks come from works producing less than this. The trend towards fewer brickworks will certainly continue (the number fell from 1,147 to 357 between 1968 and 1973), though there will always be a place for the small works catering for routine local needs in remote areas.

The Commission states that LBC, because of its dominance of the fletton industry, has considerable market power; if the company is right in thinking that flettons' share of the total market will increase, this power will grow still further. But on the question of whether LBC exploited its market power to charge excessive prices or to make excessive profits, the Commission's verdict is "not guilty." Over the 20-year period from 1955 to 1974 the company's return on capital employed averaged 23.5 per cent, which the Commission does not think is excessive. The Commission was impressed by the stability of LBC's profits even in recessions and this is attributed to the company's ability to raise prices when demand is weak. But this the Commission does not regard as exploitation.

In other respects, too, the company is given a clean bill of health. The Commission does not criticise LBC for failing to meet demand at peak periods, such as in 1973. "We do not think LBC would have been justified in undertaking greater investment in fixed plant for



Highly automated brick-making works of Nottingham Patent Brick.

this purpose particularly as Vallum tranquillisers to earn certain market-sharing agreements with foreign suppliers. The Commission recommended that these practices should be terminated.

The Commission accepts the company's claim to be an efficient producer with a good record of technical advance. The report notes with apparent approval the company's methods of monitoring its internal efficiency and the development of its operational scheduling model as an aid to production, distribution, pricing decisions and forecasting. The company's industrial relations record "did not justify any censure," particularly in the difficult conditions of 1974, but in any case the Commission saw no connection between its industrial relations performance and its average 77.2 per cent return on capital employed.

Wherever possible the Commission has sought to weaken the position of the monopolist by encouraging price competition. In the case of wire and fibre ropes, for example, the Commission felt that British Ropes' profits, while not excessive, were "reasonably remunerative," especially in the light of the number of competitors and the excess capacity which existed in the industry. The weakness of price competition, the Commission felt, stemmed in part from some of these was Roche, which was attacked for exploiting its monopoly in Librium and discounts with competitors and

London Brick's profit record

Deliveries (millions)	Group historic profit rate (%)	Where the chances of stimulating price competition are poor, the Commission may fall back on the recommendation that the company concerned should have to seek Government approval before increasing prices. This was done in the breakfast cereal market with Kellogg. Similarly in batteries Ever Ready, there was completely cleared by the Commission, was seen to have been
1968	2,245	19.9
1969	1,995	12.7
1970	1,883	18.3
1971	2,321	28.5
1972	2,680	28.2
1973	2,883	28.9
1974	2,050	9.5
* 7.7% on brick-related activities		

7.7% on brick-related activities

With all these companies with London Brick, there is always the threat of a further reference to the Commission if their behaviour were to be on probation; even the fiercest Monopolies Commission report is unlikely to make no difference to the way they conduct their affairs. To have won the Commission's seal of approval, in however qualified a manner, is something of an achievement; it is worth making an effort to retain it.

Building Bricks, Monopolies and Mergers Commission HMSO, £1.35.

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for a leading company we are initially misleading

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D FOR DUTCH. Our HQ is at Heerlen in Holland, but we don't stop there: one third of the total of 30,000 DSM men are located in subsidiaries and associate companies in the United States, South America, all over Western Europe and many other countries as well.

S FOR STATE. Misleading if you think a state business is protected from the chill winds of other businesses have to face. Our Government's instructions to us are to make a profit and to raise any capital we need in the market place like everyone else. That's how protected we are.

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مکان الأصيل

LABOUR NEWS

Glasgow men threaten to occupy fire stations

BY DAVID CHURCHILL, LABOUR STAFF

A THREAT to occupy Glasgow fire stations has been made by the Glasgow City Council's Labour group. The group, which is made up of representatives of the city's 100 firemen, has threatened to occupy the city's 100 fire stations if the council does not agree to a plan to reduce the number of fire stations from 100 to 80.

Employee-directors 'must be works-based'

BY OUR LABOUR STAFF

THE GOVERNMENT and TUC have been criticised for failing to draw on the "unique experience" of worker-directors in the British Steel Corporation during the current debate on industrial democracy.

The criticism comes from Mr. Lennox, a BSC worker-director in Wales. He writes in his current issue of the Iron and Steel Trades Confederation journal that employee involvement should be pursued at all levels of management rather than predominantly at Board level as in the TUC proposal for 1980 boards.

He adds: "I am convinced that the employee director or other type of worker representative must be works-based, so that he or she has the best possible knowledge of the shop floor and the needs of the workers."

Greater worker involvement will not cure all the ills of industry, but the experience at BSC suggests that it could help in the treatment of the steel industry, he says.

Meanwhile a view that legislation on industrial democracy should be framed flexibly and should not force companies to adopt rigid systems, came from the British Institute of Management yesterday.

Giving oral evidence to the Bullock Committee of Inquiry, Sir Frederick Catherwood, the BIM chairman, and Mr. Roy Close, director general, suggested that only enabling legislation, which would leave the way for participation without imposing it, should be considered.

In addition, the BIM called for separate participation arrangements to be included in any system for managers who should not necessarily have to be represented through trade unions.

"We need experimentation before legislation in Britain's condition—not arbitrary imposition of laws," said Sir Frederick.

Row over pit fund deductions

BY OUR LABOUR CORRESPONDENT

A ROW over allegations of unlawful over staff salary deductions at Development Establishment in Stanhope Brethby in Warwickshire, has taken the issue up with the National Coal Board being taken before an industrial tribunal.

It centres on a new coal industry benevolent fund set up recently by the Coal Industry Social Welfare Organisation mainly with a view to providing funds in the event of accidents.

All unions in the industry have been invited to participate in the scheme which involves NCB employees contributing 1p a week into the fund. But the Association of Professional Executive Clerical and Computer Staff (Apex) has already dissociated itself from the scheme and instructed the NCB not to levy their 5,000 members in the industry.

Following the first deduction last month, some individual members of the British Association of Colliery Management are complaining that the money was taken without their authority.

One colliery manager employed

main civil service unions have already met Lord Shepherd, Lord Privy Seal and Minister responsible for the Civil Service, to voice their fears over continuing with the costly dispersal programme while the Government is trying to prune costs.

No details of the exact costs of dispersal have been given to the unions but the Civil Service Department is currently believed to be preparing a cost estimate. These costs, which cover new offices and relocation expenses, are likely to have gone up considerably since the Government accepted the principle of dispersal two years ago.

The cost of dispersing over 7,000 Ministry of Defence jobs, for example, is now believed to be nearer £200m. than the £80m. first estimated.

The union want the Government to consider these escalating costs in the context of the £140m. savings now being planned. As reported in the Financial Times yesterday, these savings would substantially reduce the level of public services and departmental programmes.

In particular, some unions fear the Government might go back on its pledge not to make non-mobile staff, mainly clerical grades and below, redundant from the dispersal programme.

Some white-collar pay up

INCREASES in two of the four London weighting allowances have been awarded to 67,000 local government white collar workers who have been waiting for the increases since July 1, 1975.

The National and Local Gov-

Tax 'hitting' The skilled 'need proper rewards'

By Our Labour Staff

BY ALAN PIKE, IN TORQUAY

PROVISIONS in April's Budget to increase tax paid by foreign residents have hit U.S. film directors returning from Britain and in the process brought disaster to the British film industry, according to a trade union leader.

Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, has written to all MPs to enlist their support against fiscal measures which have taken films to the brink of being "a cottage industry."

The list of directors who have either left or are about to leave the country includes some of the most famous names in cinema: Stanley Kubrick, Norman Jewison, Carl Foreman, Roman Polanski and Joseph Losey.

Losing

Since April these men, if they have lived in Britain for nine out of ten years, must pay full U.K. tax—mostly at the maximum rate of 63 per cent—on 75 per cent of their worldwide earnings. This is 20 to 25 per cent more than they would pay in the U.S.

"We are not arguing on emotional grounds," says Mr. Sapper. "It is simply the case that by driving these people abroad the Exchequer is losing more than it could possibly gain by the higher rates of tax."

Concern about erosion of differentials led to a spate of disputes by British Leyland tool-makers in the Midlands earlier this year, and it will be an important test of the new pay policy to see whether this situation is repeated.

Mr. Buck, who is general secretary of the Sheet Metal Workers' Union, said that with the recent marked devaluation in earnings, prices of manufactured goods had shot head of wage costs.

Rising raw material costs were creating large price increases which without price controls would "make our members' sacrifice in a wages policy ineffective."

A WARNING to the Government that the erosion of skilled workers' pay differentials must be brought under control was given here yesterday by Mr. Les Buck, president of the Confederation of Shipbuilding and Engineering Unions.

He told delegates in his opening address to the conference that the standard of living of the country would match only the skill of its people. High skills meant high standards and low skills low standards.

"That being the case, it follows that we cannot afford to overlook the question of proper reward for skill. We have to encourage its emergence among us and we have to see that it has incentive to emerge. Otherwise we will decline."

The 19 engineering unions in the confederation have many skilled members, both manual and white-collar, whose relative pay position is declining under the present incomes policy.

Influential union leaders including Mr. Jack Jones, general secretary of the Transport and General Workers, are already referring to the need to provide proper rewards for skill and training when the new phase of incomes policy, approved by the TUC last week, comes into effect.

Mr. Jones said that the new pay policy was likely to be a growing theme in the coming months.

While the Government's Energy

Tories explain their stand on unionism

By Our Labour Staff

A NEW move in the Conservative Party's campaign to woo trade unionists has come with plans revealed today to issue leaflets to workers throughout the country spelling out its philosophy on unionism.

The leaflet states that the Conservatives "will work in and with the unions in a practical and constructive way" but that a future Tory government "must govern in the interests of the nation as a whole."

Mr. John Bowis, head of the Conservatives' trade union department, said yesterday that the campaign had led to considerable recruitment of trade unionists.

While the Tories were not involved in any union elections—a move which caused considerable controversy earlier this year—they were developing policies on participation and the political

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APPOINTMENTS

Executive deputy chairman for Guinness Mahon

Mr. Jean-Pierre Frayse has been appointed executive deputy chairman of GUINNESS MAHON AND CO. from August. Mr. Frayse has resigned as a director of Lloyds Bank International where he was responsible for the merchant and investment banking division.

Mr. Derek J. Kingsbury is to leave Thorn Electrical Industries to take up the posts of director and deputy chief executive of DOWTY GROUP from September. Mr. P. S. Hewitt, financial director of the electrical and hydraulic division will assume overall responsibility for that division, reporting to Mr. G. J. Stronger, chairman of the engineering group.

Mr. A. J. Davis, an assistant chief general manager of LLOYDS BANK, has been appointed a deputy chief general manager of the bank from October next. Mr. Davis will eventually take over from Mr. E. A. L. Vaughan, the present deputy chief general manager who will be retiring in March next year.

The MANUFACTURERS' LIFE INSURANCE COMPANY OF CANADA states that, in addition to his U.K. responsibilities, Mr. G. R. Stokely, investment manager for the U.K. will be responsible for the company's overseas securities division which will now be located in London.

Mr. T. Chandler has been appointed an assistant general manager of BRITISH & EUROPEAN INSURANCE.

Mr. A. P. Field will retire from the Board of COURTAULDS after the annual meeting on July 21 on medical advice.

Mr. Michael P. Conolly is to succeed Mr. Ken Bartell as regional general manager for France in INTERNATIONAL WESTMINSTER BANK. Mr. Conolly has been assistant regional general manager since January 1975.

TEMPLEGATE INDUSTRIAL SECURITIES has been formed to give financial help and advice for smaller companies, including the arrangement of sales, acquisitions and mergers. A major shareholder is Gresham Trust. Sir Kenneth Selby, chairman of Bath and Portland Group, is to be chairman of the new company. The Board includes Mr. T. Hoggson.

(Times Newspapers), Mr. John McClean (International Publishing Corporation) and Mr. Barry Silverman (Co-operative Wholesale Society).

Mr. R. E. Basher has been appointed managing director of MARKET CREDIT, a subsidiary of Security Universe.

Mr. P. A. Hoare and Mr. C. W. Freyer have been appointed directors of MORRISON SON AND JONES INTERNATIONAL, which is the principal company of the general trading group of Arthur Guinness Son and Co.

Mr. W. M. Rannachan has been appointed a non-executive director of CIFE VALDES, S.A. He will continue as managing director of Waltham-Weir-Pacific S.A. of Zaragoza, Spain.

Mr. G. E. Birchall has been appointed to the Board of CAMREX CORROSION ENGINEERS, a subsidiary of Camrex (Holdings).

Mr. Paul Bourgeois has been appointed managing director of YORKSHIRE VEHICLES, a member of the Hestair group. He joins the company after 12 years with the Ford Motor Company.

After over 30 years in the switchgear industry, Mr. George Canon is retiring as managing director of the YORKSHIRE SWITCHGEAR GROUP, but will continue as executive chairman of the group. Mr. Philip S. Canon has been appointed managing director in succession to his father.

Mr. Noel Hill has been appointed chief executive of WEST CUMBERLAND FARMS. Currently general manager of the feeds and seeds division of J. Bibby and Sons, he will take up his new post in October.

Mr. Michael Jones has been appointed director of remuneration and corporate staff of the PLESSEY COMPANY. He succeeds Mr. Charles Verdon who has been made director of personnel services (telecommunications).

Mr. E. A. Kashita, a non-executive director of BOOKERS (ZAMBIA), has been appointed chairman. He succeeds Mr. J. N. W. Beader, the chairman of the merchants' division of Booker McConnell. Mr. Kashita is a former managing director of Indeco and was Minister of Mines and Industry in the Zambian Government from 1973 to 1975.



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ing on this device at an early stage, and the result was a dry reed switch such as was used in 1982 in the first electronically controlled switching centre operated with reed switches.

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Production of this switch involves welding of minute parts, a process which imposes strict requirements on the material bonding. Years of research into the applicability of laser welding

Production of this switch involves welding of minute parts, a process which imposes strict requirements on the material bonding. Years of research into the applicability of laser welding

PLASCUT has successfully completed a tough cutting job that only plasma arc equipment and expertise in its use could have handled.

The contract was placed with a chemical company and involved removal of a corroded lid from a chemical storage vessel. The corrosion in the vapour space above the liquid chemical had penetrated through both the vessel lid and parts of the wall.

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The contract was placed by a chemical company and involved removal of a corroded lid from a chemical storage vessel. Corrosion in the vapour space above the liquid chemical had penetrated through both the vessel lid and parts of the wall.

unit with a motor under the seat. It runs up a rigid rack-rail which can follow the contour variations of the most complicated stairway and can level out and turn through 90 degrees. The chair starts and ends its run well clear of the stairs and can be parked clear of them when not in use.

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At Plessey's Allen Clark Research Centre, Caswell, Northampton, the company is also working

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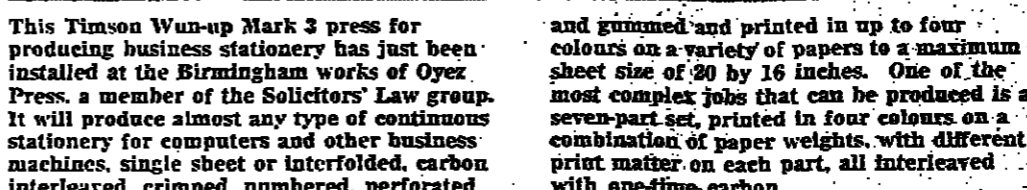
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NATIONAL ENERGY CONFERENCE

Callaghan opens Benn's exercise in open government

BY RAY DAFTER, ENERGY CORRESPONDENT

Britain celebrated her impending metamorphosis as the only major industrial nation self-sufficient in energy with a conference in Church House, Westminster, yesterday.

The First National Energy Conference was attended by 400 delegates from all the energy producing industries—top management and trade union leaders—as well as consumers and environmental groups.

Ambassadors from overseas countries and officials were also present to hear about the development plans for oil, coal, gas and electricity.

The conference was arranged by Mr. Anthony Wedgwood Benn, the Energy

Secretary, as part of his "open government" philosophy. He hoped that the open discussion, backed by some 20 policy statements, would be a starting point for a harmonised energy policy.

Up to now energy policies have related to specific industries so that, at times, the cohesion has looked tenuous—a point which emerged again yesterday.

It was clear from the Prime Minister's opening address, however, that the occasion was also being used as a tub-thumping exercise to proclaim to the world—and, by implication, those who might be selling sterling short—that Britain has a wealth of energy resources which can be used as the basis for revitalising industry.



Mr. Anthony Wedgwood Benn, Energy Secretary, welcomes the Prime Minister to the conference.

Power resources will fund industrial revitalisation—PM

BRITAIN'S ENVIABLE bank of energy resources will be used to fund its industrialisation. This message was delivered yesterday by Mr. James Callaghan, Prime Minister, at the opening of the energy conference.

Reminding the 400 delegates of the first industrial revolution based on coal reserves, Mr. Callaghan listed the various sources of energy which would give Britain self-sufficiency in oil and fuel by 1980.

"Britain almost alone—perhaps alone—among the big industrialised nations has a chance of working out its destiny fully independent of foreign resources. We must grasp this opportunity firmly by taking care conservation without endangering progress."

Values

The country's strength in energy had a direct bearing on economic prospects. It would be wrong to be complacent about a future, but it was a fact that present estimates put the gross value of oil reserves at about 60bn.

The Prime Minister repeated the re-emphasised figure. "Think of all those noughts."

A year ago not a drop of North oil had been landed. Today a country was well on its way

towards landing oil that would be worth up to £1bn, in 1976.

The gross value of gas reserves amounted to about £75bn, at today's prices. Coal and nuclear resources were equally valuable.

"Potentially the new resources have changed the outlook for Britain. Apart and beyond the prudent safeguarding of these God-given natural resources, the emergence of these new resources against the sombre background of the potential exhaustion of world hydrocarbon resources must lead to energetic action to enhance the role of coal."

Coal remained Britain's richest natural resource, with reserves that would last for 300 years at the present rate of consumption.

In addition, Britain had pioneered the use of nuclear energy for electricity generation and there was no country in the world which could claim such a long experience of tried and tested systems as those now in operation.

Mr. Callaghan emphasised that it was important to harmonise these energy sources so as to obtain an economically sensible solution which took into account the broader social and long-run supply aspects.

"We must not leave to our children insoluble problems."

Ryder champions cheap gas

BY RODNEY SMITH

LORD RYDER, chairman of the National Enterprise Board, came out in support of the British Gas Corporation in its contention that there are no grounds for increasing the price of natural gas.

He told the conference: "One of the things that has become a major factor in industry's time cost structure is energy. Often we cannot place our industries at an advantage over other countries in the cost of raw materials, but in the case of gas we can give a tremendous boost to Britain's industry."

For this reason it was most important, at a time when the Government was doing its utmost to encourage more investment and general industrial reorganisation, not to take on extra costs in the shape of higher fuel prices.

Lord Ryder said that the social implications of an increase in gas prices could have lower-paid income groups—a point which was taken up and emphasised by several subsequent speakers, particularly those representing organisations like Child Poverty Action Group, Help the Aged and Age Concern.

Ronald Bainbridge, Professor of Energy Studies at Newcastle University, advocated the establishment of a national energy strategy group—an independent body which would deal with wide-ranging energy logistic and economic analysis.

A national energy policy advisory Board, which would have a dozen or so members of

high technical and business calibre, should also be set up and selected energy strategy assessment papers published at an earlier stage than had so far been the case.

Commander John Hamer, director of the Process Plant Association, supported Prof. Bainbridge's suggestion. He proposed a national energy strategy committee which would be financed by the Government but which would not be subservient to it.

He pointed out that as individual energy plants became larger and larger, the need increased for a stable long-range plan.

Conservation

Mr. Denis Rooke, who is soon to take over as chairman of British Gas, gave a warning that there were three main areas which would decide if and when there would be an energy gap.

The first of these was energy conservation. Industry should take reasonable steps to avoid waste, particularly in the use of energy resources.

Exploration would continue to play a vital role. We could already look forward to at least a few years of self-sufficiency, but with a continuous programme of exploration we ought to be able to uncover sufficient reserves to see us through to the end of the century.

Sir William Hawthorne, chairman of the Advisory Council on Energy Conservation, laid the emphasis for future energy con-

servation on the industrial designer.

"Most of our buildings and industrial equipment were built before energy conservation was thought up. It was now the designer's task to see that future development—sited, or geared to, energy conservation."

Lord Aldington, chairman of the National Nuclear Corporation, turned the conference's attention to the need for a substantial nuclear programme in Britain by the 1980s. A fast reactor, he said, would be a big part of it. For the present, the reference design of the steam generating heavy water reactor ought to be complete within days.

The other major problem facing the National Nuclear Corporation was the need to tackle public concern about the safety of nuclear reactors. An enormous amount of work still had to be done and we must have a continual programme of development to know that we can build it.

Sir Brian Flowers, chairman of the Royal Commission on Environmental Pollution and a part-time Board member of the U.K. Atomic Energy Authority, who discussed the threat of environmental pollution as posed by nuclear reactors, stressed that he was well aware of the advantages of nuclear energy.

"We believe fast breeder reactors will eventually be shown to be acceptable," he said, "but no one should turn to a form of energy as dangerous as plutonium unless there is no viable alternative."

Extra generating plants attacked as wasteful

BY ROY HODSON

TENSIONS between the Government and the energy industries were brought into the open at the start of the energy conference by Sir Arthur Hawkins, chairman of the Central Electricity Generating Board.

"We have been used as pawns in the power game in order to tie up the loose ends of the country's energy economy," he said.

The Board had been pressurised into taking expensive fuel that nobody else wanted. When coal was cheap they had been required to burn dearer oil and when oil became cheaper they had been told to take high-cost coal.

The electricity authorities

already had a surplus of generating capacity, because of a fall in demand for electricity, and to invest hundreds of millions of pounds in new power stations before they were needed would be a shocking waste of national resources.

British Gas was saving £1,000m a year on the balance of payments, because it had attacked the premium oil markets and thus displaced oil imports, said Sir Arthur Hetherington, its chairman.

If parity of pricing between gas and electricity were to be adopted, as advocated by Mr. Wedgwood Benn's political advisers, the cost of gas would be at least doubled, provoking a savage increase in the cost of living, he declared.

Sir Derek Ezra, chairman of the National Coal Board, said that the coal industry wanted a long-term view taken of Britain's energy policies.

Three phases

There were likely to be three phases. Up to 1980 the country would still be importing fuel; in the 1980s there was likely to be a British energy surplus; by the 1990s a shortage would again appear.

Coal had a vital role to play in each of the three phases and it would be necessary to continue investing in coal production.

Putting the case for the nuclear energy industry, Sir John Hill, Atomic Energy Authority chairman, said that reasonable continuity in the ordering of nuclear power stations was essential if the country was to maintain a viable nuclear industry.

Mr. John Greenborough, for the Petroleum Industry Advisory Committee, said the British oil industry was against an over-rigid energy structure because of the difficulties in getting energy forecasts right.

The TUC viewpoint was put by Mr. Frank Chapple, chairman of the TUC fuel and power committee, who called for a united and co-ordinated national energy policy.

The unions wanted to see a National Fuel and Power Board set up which would be a point of contact between unions, government, industry, and other interested groups.

A plea for energy consumers to be allowed freedom of choice was made by Lord Watkinson, president of the Confederation of British Industry.

"If Sir Arthur Hetherington can offer us cheap gas we would like to have it," he said.



Sir Arthur Hetherington, Chairman of British Gas.

Representing the miners, Mr. Joe Gormley, the National Union of Mineworkers' president, said it was in the national interest that the energy industries should join together in more coherent policy-making.

Unless some positive decisions were made quickly, as a result of the conference it would have been a waste of time.

Lord Hearson, chairman of the State-owned British National Oil Corporation, stressed the importance of North Sea oil to the nation's balance of payments. It would give the country the necessary breathing space in which to restructure industries for a more competitive future.

Warning

Acknowledging the long-term importance of nuclear energy, he pressed the Government to take an early decision to build a prototype fast breeder reactor.

Mr. Walter Patterson, representing Friends of the Earth, gave a warning against the consequences to humanity of what he called a plutonium economy, which would develop if fast breeder reactors were introduced and plutonium processed by the ton.

Transport and General Workers' Union general secretary, Mr. Jack Jones, said a few companies operating in Britain were still antagonistic to public participation. They should realise they were against the tide of public opinion.

E. J. Austin management 'was rash or even reckless'

ACCUSATIONS OF "rash or reckless" investment and management and attempts to disguise the company's financial position are the main conclusions of the final report of Department of Trade inspectors into the late E. J. Austin.

The report, published yesterday, said the company had been into compulsory liquidation in 1972 and whose former chairman, Mr. Kenneth Howarth, was led in May last year for five years for fraud.

The worst aspects of the late Mr. Austin's management have already been laid out in the interim report by the inspectors, Mr. John Lloyd, QC, and Mr. Dennis Stett, FCA, published in January, 1977. They said that Mr. Howarth and Mr. Walter Austen had defrauded the company of £247,000.

The inspectors' report shows the money spent on fraudulent mining ventures, at the instigation of Mr. Howarth, was the last of a series of investments between 1963 and 1970 which comprised the company's losses and findings as follows:

"This began as a small company on a basis which involved a high risk situation but this position was apparent to investors. By the end of 1966, the directors had a number of unwise acquisitions, some of which turned out to be unprofitable and some activities which were ill-advised."

"Between the beginning of 67 and the end of 1968, the company had the vice and financial expertise of Mr. Walker. Its acquisitions during that period left a somewhat unwieldy group but one which was viable in that it had efficient business and funds for ordinary operation even though profit levels were lower than those of the annual accounts."

"We have suggested that the annual profits were overstated in the balance sheet at April 30, 68, disclosed a financial position which could have been developed. The company then embarked on a series of investments and activities, some of which were, in our mind, rash or reckless and which led to a company's collapse. These are:

"The expenditure of £363,000 with a commitment for a further £300,000 on purchases of land in the Bahamas and Jamaica for projects which were manifestly incapable of producing income in the near future and which would have a profound effect on the scope of the Austin group."

"The expenditure of money in excess of £500,000 on unremunerative building projects in England."

"The withdrawal of cash from some of the company's sub-

sidaries with the result that their profitable operations were undermined."

"The acquisition of companies in the late stages was made largely in exchange for cash and not as previously by shares. The monies so expended totalled over £700,000."

"A miscellaneous of matters which involved the disbursement of the company's funds in excess of £250,000 with no apparent advantage to the company."

"The expenditure of £347,000 on the fraudulent mining ventures as described in our interim report."

Commission

The role of Mr. D. F. Bollen, who resigned as chairman in March, 1969, is highlighted by the inspectors: "The Board is liable for matters within their knowledge, but we are satisfied that during the period from January, 1967 until he ceased to be chairman, Mr. Bollen was the director mainly responsible for the company's policy and operation. He caused the withdrawal of some funds from subsidiaries, and was responsible for the incurring of expenditure on land overseas, the unremunerative building projects, the change in the method of acquiring companies and the accounts for the years 1966, 1967 and 1968 as criticised by us."

"Mr. Bollen acted as director without disclosing his interest as required by Section 199 of the Companies Act in the matters with which he was dealing, namely the Goadsby acquisition and the receipt of commission on property purchases from E. J. Austin Properties Ltd. by an Austin subsidiary."

"Expenditure on the fraudulent mining ventures and the consequent withdrawal of funds from subsidiaries and the parent company were the responsibility of Howarth and Wayne Chambers. Howarth's responsibility for the statements in the 1969 accounts and the circular he issued were considered in our interim report and we have received no further information to lead us to change our views as expressed in that report. We are satisfied that E. J. Austin's responsibility was restricted for all practical purposes to the management of the London companies."

"Most well-established and well-run companies have had, at one time during their history, a decision to attempt to minimise the results of some comparatively immaterial loss in parts of their organisation. We distinguish Austin's because, in our view, the company pursued a policy of 'maximising' the profits shown

by the accounts over a period of three years."

"In total the points described in the report not only constitute a material part of the profits disclosed for the three years involved, but can be seen to be an increasing proportion of those profits. In 1968 the points we have raised amount to over 50 per cent. of the published profits."

Evidence

The main items of accounting of which the inspectors are critical involve the treatment of unrealised profits by the property subsidiary, Pointson, a company which had a "material effect on the various annual accounts and other documents issued by Austin." The inspectors found Pointson affairs "complicated, and the changes in accounting principles as between the years 1967, 1968 and 1969 bewildering in relation to its short life."

Other items which attracted the inspectors' attention include the treatment of pre-acquisition profits, and recurring evidence that subsidiaries had deliberately reduced their building costs in various years to improve Austin's profits.

"A major point of interest for the inspectors is that 'Almost from its inception the group had liquidity problems. As the group appeared to exist with this problem without too much difficulty until early 1968, we have not investigated it in any detail prior to that date.' However, they quote extracts from letters to give an indication of the problems which existed during the period to early 1968."

Property

From these, they say, "It will be seen that in March 1967 Barclays were expressing surprise that a group which was supposed to be making profits was unable to keep within the overdraft limits. The reason for this was two-fold. Firstly, the original 'London companies' were declining and were not producing the profits which were originally anticipated, and secondly, the group was advancing fairly substantial sums of money in connection with property developments. By March 31, 1967 the group had advanced a total of £27,750 to two 50 per cent. associated companies, Penrhos and Welbay, neither of which showed any return to the group. In addition, Pointson had a total of £57,570 tied up in property developments at March 31, 1967."

References to 'Park Lane' in the letters are in connection with the Park Lane flat, which had been purchased at a cost of

£44,504 for use by E. J. Austin. He had advanced £36,500 free of interest to the group in order to finance the purchase of the flat and it was intended that this should be repaid in quarterly instalments of £2,500 from April 1, 1967. In fact, the entire loan was repaid before April 30, 1968, although the flat was not sold until April 1969. A further flat in Park Lane was purchased at a total cost of £48,000 in July 1969 for use by Bollen. This flat was eventually sold by the Receiver at a loss of £5,780.

"The Lanthia properties referred to in Bollen's letter of March 4, 1968 were the properties purchased at a cost of £82,000 between January and July 1968 from a company controlled by E. J. Austin. Although these properties produced sufficient income to meet the overdraft interest, the bulk of the properties were resold within eighteen months at a loss of approximately £12,500 to the group."

The inspectors cite an "apparent improvement in the group's cash position between 31st March 1967 and 30th April, 1968 of £316,000. However, by 1968 and advances figure of £131,000 at 30th April, 1968 includes £120,000 owing to Slater Walker in connection with share dealings through Sixtybonds so that the improvement in respect of the rest of the group is £438,000. This improvement was accounted for entirely by the acquisition of Willesden on 18th April, 1968."

Assets

"In February 1968 Willesden had arranged the sale of the balance of its fixed assets and in March 1968 the net assets of that company, which amounted to £501,000, included over £300,000 cash. Treasury Bills, the balance being represented by £100,000 deferred consideration payable over the period to October 1971 in respect of the sale of certain assets. In March 1968 Austin, through Slater Walker, offered to acquire Willesden in exchange for shares in Austin and the acquisition was completed on 16th April, 1968 so that the group position was improved from that date."

"The minutes of 16th April, 1968 resolved that in view of the acquisition of Willesden and Hockton, the accounting date of the group should be extended to 30th April, 1968. If accounts had been prepared at 31st March, 1968 they would have shown a very different position as far as balances at bank and overdrafts were concerned."

"From April 1968 the total group indebtedness continued to

increase until by March 1970 the net amount owing to banks, etc. was £1,900,000. This figure, however, is after taking into account the balances in hand and overdrafts existing in those companies which were acquired during the period. In June 1968, the group had acquired the Wiggins-Sankey group in circumstances which were very similar to the acquisition of Willesden."

"Wiggins-Sankey, which was also acquired in exchange for Austin shares, had cash in hand of £165,000 at the date of acquisition and if this amount, together with other bank balances existing at the dates of acquisition, had not been received the group would have been in a very different position at March 1970 and indeed been over £2,000,000 in debt."

The existing 740,000 square feet of Presto sales space will have been more than trebled to 2.3m. square feet and sales are expected to increase from £95m. to £300m. at constant prices.

Smallest

When Cavenham bought Allied in 1972, Presto was one of the smallest groups within the company. Now it accounts for about 19 per cent. of Allied's total sales of £440m. The stores usually have a sales area of at least 10,000 square feet and are similar in concept to Asda superstores.

Normally they are built either on the edge of towns or in new

Different

The inspectors conclude their report by assessing the roles of E. J. Austin directors in the company's financial position. They recommend prosecution for Howarth and Chambers.

"As to the others, the position is very different. The matters which we have considered concern events going back over many years and in some instances the evidence which we have taken into account may not be necessarily available or admissible in subsequent proceedings. We, therefore, make no recommendation for any prosecution or civil proceedings against anyone other than Howarth and Chambers."

E. J. Austin International Limited, Investigation under Section 165 (b) of the Companies Act 1948. Final Report of the inspectors appointed by the Department of Trade, HMSO, £2.25.

North-West woos French

A TEAM from the North-West Industrial Development Association, led by its director, Mr. Clifford Chapman, will seek investment in the area by French companies at a seminar in Lille tomorrow. Several hundred companies in Northern France have been invited to attend.

Cavenham to spend £50m on building up Presto discount stores

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

CAVENHAM is to spend £50m. over the next five years on developing its retailing interests. The bulk of the money, much of which will come from closing smaller outlets, is expected to be spent on building its chain of Presto discount stores.

Cavenham's retailing subsidiary, Allied Suppliers, operates 45 discount stores under the Presto name. By 1981, the total will have increased to 140, with 95 stores either being built or converted from some of Allied's larger stores.

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district centres, and operate on gross margins of about 14 per cent. against about 20 per cent. of a normal supermarket. Unlike some discount stores, however, the Presto stores offer a full range of merchandise and do not obviously economise on fixtures and fittings.

The idea is that Cavenham will convert some of its larger stores—most of which with a sales area of more than 8,000 square feet will be considered as possible stores for conversions—and build new stores with sales areas of between 15,000 to 25,000 square feet.

Control

The group does not appear to be interested in building big hypermarkets which some of the other supermarket groups are trying to develop.

Since Cavenham went into grocery retailing in 1971 it has bought 2,723 stores and closed about 1,100. Sales area has increased marginally, with larger stores being opened as the smaller ones shut.

Despite closures, Allied still has a number of small stores with sales areas of less than 1,000

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square feet, particularly in the Moors Wrights group.

This has recently been brought under the full control of Allied as a result of the American Southland Corporation's selling its 50 per cent. stake in Moors Wrights to Cavenham.

Average store size throughout the group is still only about 2,500 square feet.

As a result of Allied's taking full control of Moors Wrights, the Moors name is expected gradually to disappear, with some of the smaller stores closed. This will leave Allied trading in Britain under four names: Presto, Liptons and, in Scotland, Templeton and Galbraith.

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A TEAM from the North-West Industrial Development Association



Port row switches to Lords

Peer defends Felixstowe takeover bid.

BY JOHN HUNT

Firm pact on NZ butter —Peart

BRITAIN had negotiated "firm and fixed quantities" for New Zealand butter imports at the Common Market meeting of Agriculture Ministers in Luxembourg the previous day Mr. Fred Peart, Agriculture Minister, told the Commons yesterday.

Mr. Peart said: "New Zealand fully agrees that the settlement takes account of their essential interests both up to 1980 and afterwards."

An arrangement had been agreed to divert butter, if necessary, from the fresh market into food manufacture where imports were in excess of 25 per cent. of Britain's butter market in the preceding year.

Mr. Francis Pym, shadow Agriculture Minister, said everyone would be glad that the matter had been resolved. He said the British butter market was now retreating and it was vital to take a look at the EEC dairy surplus.

Mr. Peart said the EEC had agreed that there should be a continuing commitment to the New Zealand market. "I think this is a very good deal for New Zealand. She will be able to have access to our markets in the way she always has."

Mr. Douglas Jay (Lab., Butter) said he asked for an assurance that the decline in imports would not continue after 1980.

Mr. Peart replied that the average imports of New Zealand butter in 1975-80 would be higher than in 1974 and 1975. "I hoped you would accept this and not keep on nit-picking."

He told Mr. Geraint Howells (L., Cardiff): "We had a moral obligation in this New Zealand. They came to our aid in a crisis voluntarily. We have now fulfilled the moral obligation agreed at the Dublin summit."

Lower incomes reference

MR. ALBERT BOOTH, Employment Secretary, yesterday announced to the Commons that he had made the reference on lower incomes to the Royal Commission on Incomes and Wealth.

Last month he informed the House of his intention to make the reference because of the need for a comprehensive and objective analysis of incomes at lower levels, including those receiving social security benefits.

THE BID by British Transport Docks Board to take over the port of Felixstowe had been the target of a mass of propaganda based on partial truths, half-truths, fantasies, lies and damned lies, Lord Wynne-Jones, the Labour life peer, told the Lords yesterday.

He was introducing the second reading of the British Transport Docks (Felixstowe) Bill—the controversial private measure which enables the British Transport Docks Board to acquire the port of the 150p a share cash offer, which it made to the Felixstowe Dock and Railway Company and which was agreed last November.

Following the original bid, however, European Ferries came forward with a higher offer which was accepted by more than 80 per cent of the Dock Company shareholders.

Since then Mr. Keith Wickenham, chairman of European Ferries, has waged a bitter struggle to retain control of the port for the company and to fight off State control.

The battle has now shifted to Parliament and the debate in the Lords last night marked the latest stage. For the Conservatives, the Earl of Gower denounced the measure as "back door nationalisation with a vengeance."

Offer

But Lord Wynne-Jones claimed that an advertisement in a national paper saying that the take-over was "against the wishes of the Felixstowe workers, shareholders, directors and port users" was not true.

Lord Wynne-Jones added: "One finds that the directors of the Felixstowe Board were sacked and the present directors are British European Ferries. So it is odd to say that they are in favour of this. They are the stooges of European Ferries and were put in by them."

He said that the BTDB had to promote the private Bill in order to acquire the port, and the Bill was presented to Parliament in January. But at about that time European Ferries made a separate offer to the Felixstowe directors and if one were dealing with property, a word like "surrendering" would be used.

The Board had said they could not accept the second offer but European Ferries approached the shareholders and by late February had got a majority of them to accept. However, he argued, this in no way upset the agreement which had been reached with the BTDB.

Since then a mass of propaganda had been put out and to illustrate his point he held up a full page newspaper advertisement.

ment which claimed that if the Bill were enacted, it would nationalise Britain's most successful port which had been built up by free enterprise.

Lord Wynne-Jones commented: "In the first place this is not a nationalisation act. It is a straight commercial deal between a Board and a company."

The claim that it would reduce competition and drive business to Continental ports was a fantasy for which there was no evidence, he maintained. He had been in touch with the work force at Felixstowe, particularly the Transport Workers' Union, and they had said they were neutral in the matter.

For the Conservatives, Earl Gower described the Bill as a "practical, immediate and living instance of the danger to which British industry and enterprise was being exposed."

Thriving

He thought it was one of the most important Lords debates of the past decade and urged that the Bill should go to a Select Committee "so that we can push out the wishes of the dockers themselves."

He added: "We believe that the case for retention of this thriving concern in private hands is so overwhelming that it must be heard."

The Conservatives did not believe that the British Transport Docks Board would be in a position to reinforce the competitive spirit within Felixstowe.

The measure was also attacked by the Liberal spokesman, Barnes Seear, who said her party remained unconvinced by the explanation given by Lord Wynne-Jones. She thought it was clear that the shareholders were in favour of European Ferries retaining management of the dock. The success of Felixstowe was beyond question and she called on the Government to treat it as a small private dock.

Port of Hull tonnage falls in May

TONNAGE for the port of Hull during the four weeks to the end of May was 484,804 tons compared with 485,269 tons in the corresponding period last year, according to the Docks Board.

Inward traffic with a total of 263,230 tons shows a decrease of 8,999 tons. Most commodity heads show slight increases, but this is offset by a reduction in 6th landings and petrol cargoes.

Outward cargoes of 171,374 tons show a fall of more than 11,800 tons.

Callaghan says he will not accept 'holier than thou' Tory attitude

BY JOHN HUNT

THE ROW over Cabinet leaks led to further clashes in the Commons yesterday with Mrs. Margaret Thatcher, the Conservative leader, and Mr. William Whitelaw, her deputy, hot on the heels of Mr. James Callaghan, the Prime Minister.

But once again their quarrel clouded them. Sure-footed as ever, the Prime Minister led them on a false scent by receding off a long list of occasions when the last Tory Government had been the victim of breaches of security.

This brought Mr. Edward Heath, the former Conservative Prime Minister, into the chase. He made the point that although his Administration had experienced leaks, at least the minutes of Cabinet meetings were not published immediately afterwards.

At this, the Prime Minister sagely agreed that such goings on were "utterly reprehensible" and promptly bolted to earth by urging MPs to wait the inquiry now being conducted by Sir Douglas Allen, head of the Home Civil Service.

Once again, the Opposition concentrated its attack on the

week-end speech by the unfortunate Mr. William Price, Minister for co-ordinating Government information services. He had declared that there were more "singers" in Whitehall than in the Rhonda and suggested that things had got so bad that the Cabinet might just as well hold its meetings at Hyde Park Corner.

He sat uneasily on the benches behind the Prime Minister as Mrs. Thatcher said that confidentiality within the Government was vital to the conduct of economic policy. Since the Prime Minister's original statement, she said that Mr. Price had made it plain that premeditated leaks ages over a wide range of Cabinet business had been going on for the last 18 months.

There were sarcastic Tory cries of "I bet" when Mr. Callaghan said icily that he had read Mr. Price's speech with considerable interest. However, he thought it a mistake to dwell only on the last 18 months when, in fact, such matters had been occurring for rather a long time.

With a flourish, he produced a list containing occasions of alleged leaks under the last Tory Government and daunted it threateningly before the Opposition.

"I don't think I will read it," he teased the Conservatives. "All I will say is that those who live in glasshouses should not throw stones or they might find trouble."

This warning failed to deter Mrs. Thatcher, who claimed that many people had read Mr. Price's speech with the greatest alarm. If it were true, then there could be no confidentiality for Cabinet proceedings and no confidence in the country about matters of defence, security and the economy.

"You should repudiate the speech entirely," she demanded to Tory cheers.

In his most avuncular manner, Mr. Callaghan told her that this "holier than thou" attitude was not good enough. Reading from his list and giving dates, he referred to Conservative leaks on defence matters in January 1971, two in May 1971, and others in November 1971, March 1972, April 1972 and July 1973. All of them were concerned with defence matters he said.

There had been 37 leaks and 30 inquiries under the Conservative Government. This was just about "par for the course" and it was about time the situation was improved. Everybody should take these matters seriously and Ministers should ensure that such leaks did not occur. But he would not tolerate one side of the House hurling accusations at the other about leaks.

Mr. Whitelaw entered the fray backing up Mr. Heath and pointing out that this was the first time that Cabinet minutes as such had been leaked directly.

Mr. Callaghan retorted that he should await the result of the inquiry.

"I think it is utterly reprehensible when minutes of the Cabinet which are distributed to a limited number of people are reproduced accurately. Maybe people don't like the rules but they should seek to change them and not break them just because they don't like them," the Prime Minister declared.

Jobless: PM hits at Heath policies

FINANCIAL TIMES REPORTER

IF THE LATEST forecasts that companies will increase investment by 15 per cent. next year prove correct there will be "serious consequences" for Tory unemployment policy, Mr. James Callaghan, Prime Minister, told the Commons yesterday.

Ministers had faced demands for economic policy changes from both sides of the House during exchanges about the June employment figures which Mr. Callaghan admitted were "unacceptably high" and which Mr. James Prior, shadow Employment Minister, described as "very grave."

But while Mr. Prior called for changes which would support private industry and restore confidence required for the investment needed to provide more jobs, Mr. Callaghan admitted that the Government's policy was "unacceptably high" and which Mr. James Prior, shadow Employment Minister, described as "very grave."

Mr. Callaghan reiterated his view that the cutting of public expenditure now would lead to additional unemployment. He made the point that position came time after time and have spoken of the dilemma which will face this country next year. In 1976 when it is expected that investment will increase very considerably thanks to returning confidence.

He then went on to refer to forecasts that companies hope and expected to increase investment by 15 per cent. as stressed. "If this is so, that will have certain consequences for Government policy."

Mr. Callaghan angered Conservative MPs by contending that the unemployment figures were the consequence of economic policies followed by the Heath Government which allowed the monetary system to get out of control.

It was important, he said, the country should overcome inflation, make full use of its opportunities for training young people, and get the unemployment figures down as low as possible.

Earlier, Mr. Eric Heffer (Lab., Walton) complained that the June unemployment figures showed that Government policies were not matching up to the needs of the situation. He called for a statement on the measures which the Government intended to take to deal with this crisis rather than a repetition of platitudes.

Mr. Albert Booth, Secretary for Employment, agreed that measures so far taken were not sufficient. "We must go on and see if we can devise more effective measures and a more effective economic policy," he said.

He also maintained that the increase in the level of public expenditure which had been attacked by the Opposition was shown to be justified because had helped to keep the most pleasant figures at a lower level than they would otherwise have been.

Nearly 22,000 votes expected in ballot for Liberal Party leadership

BY PETER HENNESSY, LOBBY CORRESPONDENT

BALLOT PAPERS for the election of a new Liberal leader were sent out yesterday to 500 constituencies. Nearly 22,000 votes will be cast in the election which will be held in the House of Commons on July 7.

The name of his successor will be announced two weeks from today at a national convention held in the Poplar Civic Theatre, East London.

Dr. Anthony King, Professor of Government at Essex University, was yesterday named as the national convening officer. His will be the difficult task of ensuring that the complicated new electoral procedure—the first in Britain to give a say to party activists—is efficiently implemented.

Each affiliated constituency association is allowed ten votes, plus a further ten if it was affiliated in 1975. One extra vote is allocated for each 500 votes cast for the Liberal candidate at the last General Election.

Every registered member of the Liberal Party will be entitled to vote in a secret ballot to be conducted at constituency level. The job of Professor King at the national count will be to apportion the total constituency vote to one or other of the two candidates in accordance with the number of electoral college votes ascribed to that constituency under the new formula.

To make this proportional calculation, he will use the so-called "Droop formula," borrowed from the Republic of Ireland where a proportional representation is standard practice in general elections.

A constituency's quota of votes will be determined by dividing the total votes cast in that constituency by the number to which it is entitled in the electoral college, and adding on Prof. King will then calculate how many votes in each quota will go to each candidate.

If all goes according to schedule, the result will be known by 5 p.m. on the evening of Wednesday, July 7. In the event of a tie, the new leader will be elected by a secret ballot of the 15 Liberal MPs.

Mr. John Pardoe yesterday added to the self-confident braggadocio which has characterised his campaign so far by predicting that two-thirds of the party activists would support a party which will win in the future. He would win a majority of the votes in Scotland and West Midlands. Support for him, self and his rival, Mr. David Steel, was most finely balanced in London and the South East, he added.

Mr. Pardoe, the party's spokesman on economic affairs, said that if he had had the chance to apply his energy and talent to the Chancellorship of the Exchequer, the country might be in a different position. His bravura style would become that of the Liberal Party once he was its leader.

MP bids for qualified chiropodists

ANYONE WITH scissors, nailfile and disinfectant could set up in private practice as a chiropodist, Mr. John Corrie (C., Ayrshire, N and Butel) told the Commons yesterday.

A first reading was given to his Bill which requires chiropodists to be qualified.

Mr. Corrie was introducing the Professions Supplementary to Medicine Bill 1980 (Amendment) Bill which, he said, would mean that "in future, the public would know everyone practising chiropody has qualifications recognised by statute."

Describing the Bill as "an important step forward," he said it would require all chiropodists in private practice to be enrolled or registered with the Chiropodists Board.

Premium Bond announcements

REVISED arrangements for making Premium Savings Bonds prize announcements are being introduced.

With the July monthly draw, the £75,000 and £25,000 prize numbers and locations will be issued to the media at 9.30 a.m. on the third working day of each month—for immediate release. Up to this month, the major prizes have been announced on the first working day of each month, but the full prize list has not been announced until the 20th working day. Under the new system, all winners will be notified by the 18th, instead of the 20th, working day of the month. The new arrangements result from application of automatic data processing to office procedures.

He added that he appreciated that it was unlikely his Bill would be given Parliamentary time to become law during this session of Parliament. If so, it best put up their plate and would be reintroduced in the next session.

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Invitation for tenders for leasing the Island of Gan and facilities thereon by the Government of Maldives

Gan Island where the Royal Air Force maintained a staging post has now been vacated and was handed over to the Maldivian Government at the end of March 1976. Gan Island is in Addu Atoll which is about 13 miles wide and 8 miles long, with a total land area of 10 square miles.

Gan Island is a fully developed satellite town with transit and living facilities for 700 persons including a transit hotel with indoor and outdoor recreation facilities which include a 15 hole golf course, swimming pool, tennis, squash and badminton courts, a gymnasium and excellent sailing facilities.

Gan Island has several individual messes and club houses with full catering facilities. The well equipped runway is 8700 ft long and was used by the RAF to land VC10 jet aircraft transporting troops and civilians. The airfield conforms to ICAO standard and there is a fully equipped medical centre. The island's electrical power generating capacity is about 2.5 megawatts.

It would be possible to connect the Islands in the Atoll by inexpensive causeways.

The photograph shows the general layout of the Island of Gan.

The Maldivian Government now invites offers or proposals from those interested in leasing the Island of Gan and facilities for any purpose considered reasonable and those interested may submit offers in writing to the undermentioned, to arrive on or before 31st July, 1976.

When applying it is essential that the applicants disclose who they are. The Maldivian Government will notify applicants about inspection of Gan and the facilities and thereafter negotiations of a formal lease agreement.

The Director
Foreign Investments Division
Department of External Affairs
Male
Republic of Maldives

مَكَانُ الْأَجَل

ROTHERHAM BY-ELECTION

Sympathy for Labour's problems

BY PHILIP RAWSTORNE

THE GOVERNMENT looks to Rotherham's well-steel support to-morrow to restore its edge in the Commons.

Mr. Michael Foot visited the town last night to sharpen the final stages of a by-election victory that should enable him to cut through the obstacles to the Government's Parliamentary programme with the guillotine.

Labour candidate, Mr. Stan Crowther, is already under orders from the Government while to attend the Commons on Monday.

With a 17,000 majority in the last General Election and 50 years of scarcely interrupted allegiance to the Labour Party, there is no doubt that the town will reaffirm its faith in the Labour Government.

Mr. Crowther's only worry is the size of his winning margin. Such a foregone conclusion may suit too many supporters into foregoing their votes. Certainly, nothing else remotely threatens to disturb Labour's command of the situation.

The last local elections confirmed Labour's continuing rule and the town seems to sit comfortably under its silencing concern. Nationalised steel dominates the industry; council estates and new civic buildings impress the landscape; municipal



Three of the candidates. Left, Mr. Stan Crowther (Lab.), Top right, Miss Beth Graham (Liberal) and below, Mr. George Wright (National Front).

CANDIDATES

Mr. Stanley Crowther (Labour)
Mr. Douglas Hinchley (Conservative)

Miss Beth Graham (Liberal)
Mr. George Wright (National Front)

Mr. Robin Atkinson (English Independent)
Mr. Peter Bishop (World Grid Sunshine Room)

October 1974 results: B. K. O'Malley (Lab.) 25,574, R. A. Hambro (C) 8,240, V. Bottomley (L) 5,350. Lab. majority 17,034.

restaurants and a Department of Amusements and Recreation providing everything from theatre to trampolines mark the quality of life.

Civic pride even runs to slogans on the beer mats. "In the first century, the 8th Roman Legion built the first road link to the north. To-day, the Highways Committee."

journalist, guitarist and skiffle singer, is closely identified with Rotherham's emergence in the past decade from the blight of its industrial history.

A borough councillor for 16 years, twice mayor, he has been chairman of the town's Planning and Development Committee for 12 years.

Now 51, he puffs on a reflective pipe and sees from his assiduous canvassing the few signs of real discontent with Labour government. "The vast majority appreciate the Government's problems and believe it has made substantial progress in tackling them," he says.

It is solidly set in the Rotherham background—in the tradition of nonconformist Socialism to which his great-great-grandfather was converted by John Wesley himself.

Mr. Crowther looks a reliable reinforcement for the Government's vote, though he is at pains to dispel the idea that he can be

taken for granted as "lobby fodder."

No one is completely satisfied with the Government, he says, criticising its handling of the child benefit scheme. But it would obviously take some extreme provocation to turn him into a backbench rebel.

He is not a potential Tribune. The only label I accept is that of Socialist. I don't like factions. I've seen too much damage caused by them in local government."

Against a man so much in sympathy with his surroundings, Mr. Crowther's opponents make little impression.

The National Front marched its supporters into the town last week-end in a bid to rouse some controversy around the small and generally unobtrusive Pakistani community.

ham ratepayers faced with a bill of at least £15,000 for the 1,200 police on duty.

In the town centre later, the Front's candidate, Mr. George Wright a Yorkshire builder, found nothing but restrained hostility among the shopping hordes for his "Keep Britain White" slogans.

Mr. Doug Hinchley, the Sheffield businessman, who represents the Tories, has steered a careful course through such controversies. "A man of action," his leaflets proclaim.

"I want to get government out of our pockets, out of our homes and off our backs," he adds energetically.

Mr. Hinchley stands for efficiency, incentives and square deals. "D'you understand me?" he asks constantly.

He wants to be an MP because he feels that many people with practical experience of industry should serve at Westminster. "Let's get some fresh air into Parliament."

To this end, his loudspeaker cars sing catchy appeals to the apparently unresponsive voters, council tenants are offered vague hopes of buying their houses, and any youngsters who want more jobs and less tax are, to their astonishment, congratulated on thinking Conservative and urged to break with family tradition and vote Conservative.

Like Mr. Hinchley, Miss Beth Graham, a Yorkshire lecturer and veteran of three Parliamentary campaigns, who represents the Liberals, is finding it difficult to get a foot in the door of this Labour stronghold. She may have problems in holding the party's 5,350 votes let alone threatening Labour's security.

She has been well supplied by Liberal MPs and believes that the publicity of the party's leadership election has helped her chances. A Pardoe-supporter and enthusiast for his aggressive style, her own campaign has been marked more by detail than declamation, fastening on to real or imaginary grievances with Town Hall bureaucracy.

"Let Beth know of any particularly dirty sports," her pamphlets appeal. "If you've got problems with electricity or gas bills, contact Beth."

Miss Graham stands also for a Yorkshire Parliament—and Mr. Robin Atkinson, a Yorkshire



Mr. Doug Hinchley carries Tory hopes.

student, has come to Rotherham to gather votes for an English Parliament under the banner of an English Independent.

For those who would march like to get away from all these pressures, there is Mr. Peter Bishop, of the World Grid Sunshine Room Party.

An ex-Government scientist, he wants to develop a system of self-contained living units—small rooms powered by recycled waste and supplied with food by nutrient film cultivation.

These "world room" are a haven for the over-worked businessman, enabling him to "rediscover grace, beauty, and tolerance and an extra dimension of reassurance," Mr. Bishop adds.

See Page 7
E.O. of 145 and Can't Remember?
To: Memory and Concentration Studies (Dept. FTMH, MRC, Stockport)
Please send me your free memory book.
NAME _____
ADDRESS _____

The Management Page

EDITED BY JOHN ELLIOTT

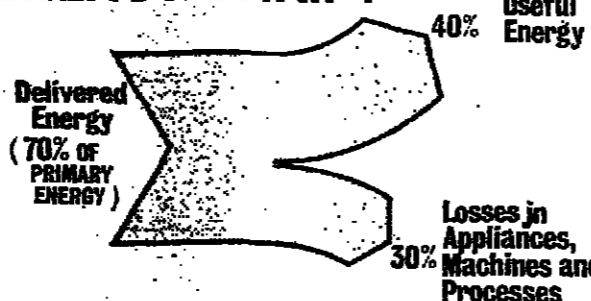
Following Mr. Wedgwood Benn's energy conference, David Fishlock reports on the work of Government sponsored scientists now touring companies to help save power

A 'thrift' campaign for industry

SINCE EARLY this year about two dozen scientists have been visiting manufacturing companies in the U.K. asking awkward questions about the way they are using energy. Their hosts are all industrialists, panics, and can gain access to factories more readily than a "Man from the Ministry". Moreover, membership of the research associations is strong, and among the smaller companies which are particular targets of the thrift scheme. Typical of the eight prime

The Department of Industry has chosen as prime contractors for this scheme eight industrial research associations, which are familiar with the activities of their member-companies, and can gain access to factories more readily than a "Man from the Ministry". Moreover, membership of the research associations is strong, and among the smaller companies which are particular targets of the thrift scheme. Typical of the eight prime

TARGET OF ENERGY THRIFT



Part of the U.K.'s efforts to save energy, under Mr. Anthony Wedgwood Benn (right), is aimed at conserving the 30 per cent. lost in manufacturing appliances, machines and processes. Since another 30 per cent. is lost earlier during conversion and transmission, only 40 per cent. at present is "useful".



Energy audits

What the study revealed clearly was that differences between the ways companies approached the problem of manufacture were much more significant in energy terms than any intrinsic energy content of the type of container itself. The same container from different sources might differ in energy content by a factor as great as two or three.

RAPRA has now mounted its own shop-floor "energy audits" of forming processes for rubber and plastic products. It plans to study five different examples of each of the three basic polymer forming processes (compression moulding, injection moulding, and extrusion) for the two types of material—a total of 30 different situations. At the same time it is trying to make theoretical calculations of the energy input each situation should require.

From experiences gained so far, a typical energy content seems to be three times the theoretical value, says Dr. Watson. He believes that his researchers will be approaching an optimum energy content if they can show a manufacturer how to get within 30 per cent. of the theoretical value.



TUC and CBI take stock

BY JOHN ELLIOTT

IT IS NOW nine months since the British TUC formally acted on its new-found co-operative attitude towards the EEC and sent eight delegates to Brussels to attend the monthly plenary meeting of the Common Market's main consultative body, the Economic and Social Committee. Ironically, had weather delayed the arrival of the first high-powered TUC delegation—led by Mr. Len Murray, the TUC general secretary, and Mr. Jack Jones of the Transport Workers Union—ever since TUC leaders involved have been in two minds about whether they regard the committee as a mere "talking shop" or as a potentially valuable weapon.

Their attitudes are significant because they will influence how the EEC's consultative processes develop and therefore how much influence the TUC—as well as industry and other interests—manage to develop over European affairs. To this end, both the CBI and the TUC are now reviewing their experiences on the committee and are considering whether they want to reform it from within, radically change its constitution, or allow it broadly to continue as it is while they develop a more potent arena for wielding influence elsewhere.

In this context, to-morrow's tripartite EEC conference on employment in Luxembourg is especially significant. It has come about partly as a result of TUC influence. It brings together employers, unions and Government Ministers and is thus much closer to the world in which the TUC is used to operating, especially since the Governments of the Nine are fielding economic and not just labour Ministers.

The CBI on the other hand does not appear to rate the Luxembourg type of event at the same level and is correspondingly more interested than the TUC in the Committee, where there is, however, no Government representation. Instead there are 144 delegates from the Nine in three groups—employers, unions and other interests. It forms an advisory body to the European Commission and the Council of Ministers which have to consult

it on matters in various fields such as agriculture, employment, social policy, nuclear affairs, transport matters and a host of other items. Each time it is consulted the Committee draws up an Opinion but the main criticisms from the UK delegates are that the Opinions are only sought after the main decisions have been taken and that little can usually be achieved without staging a big enough political protest to generate widespread publicity (although Mr. Jack Jones has had some success in a detailed battle on lorry tachographs).

Generally, therefore, it is regarded as a talking shop for minutely detailed affairs, although it has a right to initiate an Opinion on its own and did so earlier this year when Mr. David Bassett of the General and Municipal Workers acted for the TUC in the Committee and launched an initiative on employment problems that helped to generate to-morrow's Luxembourg debate.

New impetus

There seems, however, to be little dissension among almost all those involved in the Committee's affairs that it has not emerged into the key centre that was originally envisaged for the interests of the European Community to come together. But the increase in the size of the EEC from Six to the Nine is now leading to a possible new impetus at two levels. First, the Committee itself is trying to improve its method of operation and relationships with other EEC organisations. Secondly, the creation of the European Trades Union Confederation and the entry, however reluctantly, of the TUC into European affairs is leading to demands for an institutionalised method for unions—and consequently employers—to talk to Ministers.

The CBI, on the other hand, is not so frustrated as the TUC and looks set this year to notch up an advance by having one of its delegates—Mr. Basil Ferranti—elected chairman of the Committee. Until the

TUC arrived last autumn, the British delegates comprised the employers group—centred around the CBI and led by a veteran international trade negotiator, Mr. Clement Hennessey Heaton—and a "various interests group."

These other U.K. representatives were chosen partly because they could devote enough time to the Committee—up to 80 days a year for some—as delegates handling detailed consultations. Men like Murray, Bassett and Jones, however, have too many other commitments to do this so the TUC's original decision to field a high-ranking team in order to show that it intended to treat the EEC seriously has meant that its people have not played a full part in the Committee's affairs, even on matters such as industrial democracy. (The fact that the Committee's monthly plenary session coincides, on the fourth Wednesday every month, with the TUC's general council meeting does not help.) The TUC is therefore having one of its headquarters staff appointed as a representative and this coincides with a CBI view that there is scope to improve the quality and knowledge of the committee's members and to increase the members' involvement in drawing up the committee opinions.

Both the U.K. employers and unions also feel that the Committee is far too large and that it should develop more punch. But both seem to accept as well that there are many vested interests in the Committee—as well as legal restraints contained in the Treaty of Rome. The line that seems likely therefore to emerge from their current review of the Committee's work is a joint view that there is little chance of wholesale reform, but considerable scope for useful changes. At the same time the TUC will cast around for another institutionalised forum where they can bring direct influence to bear on Governments in Europe—possibly seeing to-morrow's type of tripartite conference as a way of developing a European-style National Economic Development Council.

Manufacturing industry uses a little 40 per cent. of the energy consumed in the U.K. for this reason alone must be a prime target of energy conservation. Three linked conservation schemes have already been launched jointly by the Departments of Industry and Energy, accounting for more than 10 per cent. of public spending on energy conservation.

Free years

is the well-publicised "It" campaign of the Department of Energy. Another energy audit scheme from the Department of Industry focuses on the more extensive industries, trying to trace just where the energy is being used, and most important, the smaller company, is an energy audit scheme. This is the first of the next two or three years to spot the energy use for as many as 9,000 individual manufacturers—one of the manufacturing companies in the U.K.

The energy thrift scheme—its name was chosen for its appeal to Victorian virtues—has three over-riding objectives: to cut the nation's energy intake; to save energy without cutting away at productivity; and to increase in profit and to identify at shop-floor level areas of common difficulty in conserving energy.

contractors is the Rubber and Plastics Research Association (RAPRA), a laboratory for polymer processing near Shrewsbury, with a total budget of about £1m. a year. Its director, Dr. William Watson, has developed it since the late 1950s into a technology centre deeply embroiled with the chemical process industry.

An example of energy waste already brought to light by RAPRA's investigations in recent months is the use of boiling water to clean chemical process plant. It sounds trivial—until one works out the cost of heating reaction vessels of 10,000-20,000 gallons capacity to boiling, perhaps as often as twice a day. "I don't think that I can recall a single attempt to recover this heat," says Mr. Alan Eagles who is in charge of RAPRA's energy thrift activities.

One of the difficulties is that although the heat is relatively high-grade, the water will be contaminated. No manufacturer wants to risk cross-contamination of products. The same problem arises, RAPRA's studies have shown, in drying products, when the hot air extracted will also be contaminated with traces of the product and therefore cannot be recycled as warm air. The contractor is limited by Mr. Eagles, is a "very serious

point out that a long-overlooked plume of steam from a leaky steam valve can be costing as much as £250 a year. Another common energy leak the RAPRA has spotted is neglect to insulate reaction vessels, which can add £100 a week to a small company's winter fuel bill.

Another common factor found among the smaller companies, says Mr. Eagles, is lack of awareness of energy tariff schemes and the choice available to industry to help minimise their energy bills. RAPRA has made a fair number of specific recommendations here. But Dr. Watson is highly critical of the complexity of energy tariffs, which can easily result in the consumer paying a higher tariff for the "privilege" of using more electricity.

This anomaly heightens the significance of what is called the "power factor"—effectively the efficiency with which the electricity is being consumed, which can be severely reduced by the kind of equipment the manufacturer is using. A low power factor boosts the consumer's electricity bills. RAPRA has discovered instances where the power factor had fallen as low as 75 per cent. which, says Mr. Eagles, is a "very serious

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Seeding up liquidation

In June, 1969 I put a small company into liquidation, which has not been completed. Currently it is held up by the District Valuer, who has had in his office for 18 months the question of the value of fishing. Can you suggest any way in which, after seven years I can put pressure on him to bring the liquidation to a conclusion? Do you think the fact I have registered has any bearing on the matter?

Trade association tax relief

I think I read an article in the Financial Times to the effect that a trade association could now claim a rebate from the Revenue through non-legal channels, for current losses or accumulated losses regardless of the previous profit and loss situation, on

liamentary Commissioner. A letter to the District Valuer and the Revenue asking for their each year at the prevailing rate observations as to why this case of corporation tax. Have I got should not be put forward to the Revenue?

The terms of the current standard extrastatutory arrangements between the Inland Revenue and individual trade protection associations are set out in form 181/CI (1974). A copy of this form should be obtainable from the local tax inspector's office.

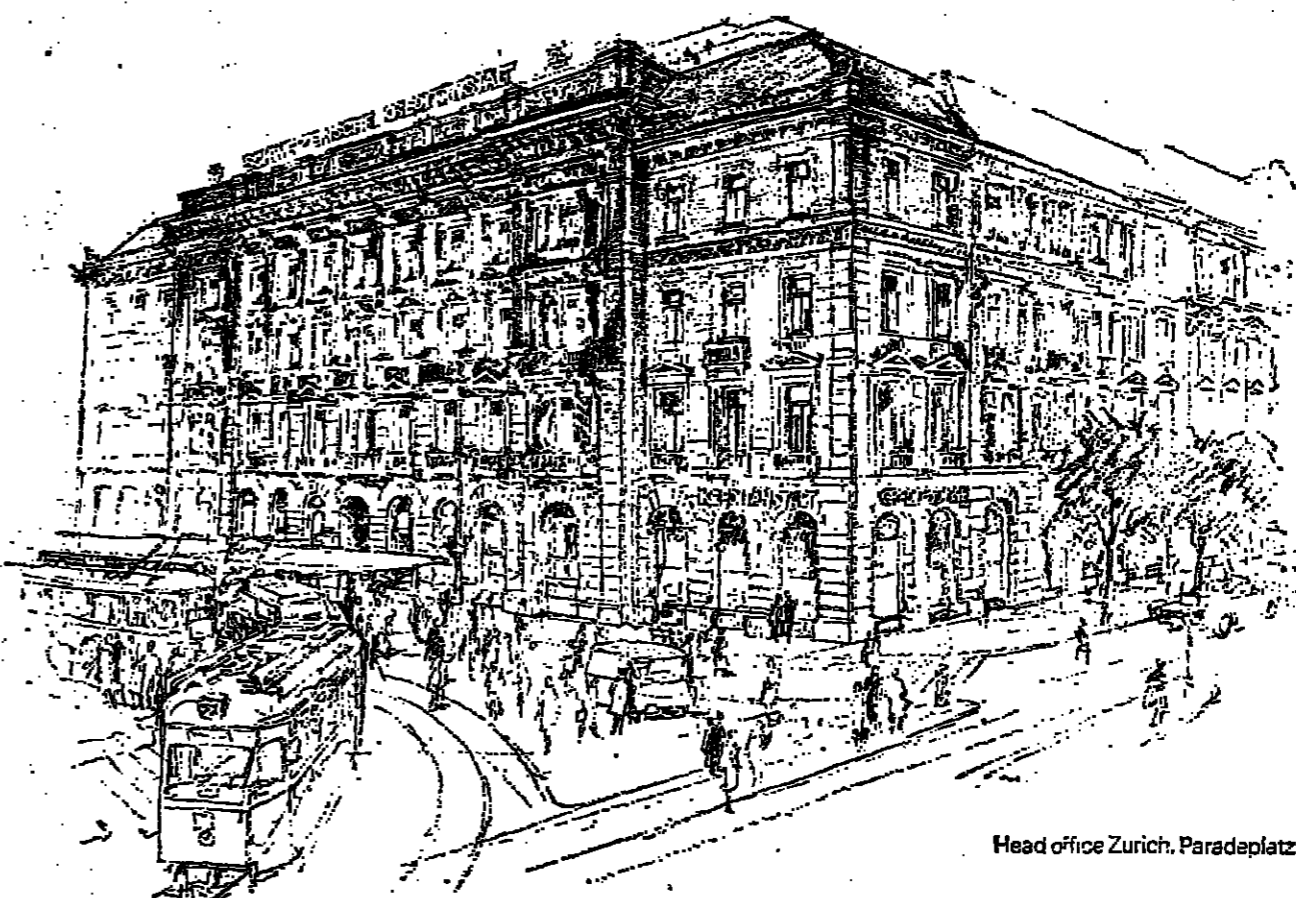
The point which you probably have in mind is that, following the introduction of the imputation system of corporation tax, the arrangements for relieving a deficiency against earlier surpluses were altered and relief is now given at the rate of corporation tax appropriate to the year of set-off. Under the previous arrangements (embodied in form 181/CI (1966)), relief was given, broadly speaking, at the standard rate of corporation tax in force for the year in which the deficiency was incurred. The details are contained in paragraph 7 of each version of the form 181/CI.

Two contract notes

I have just purchased two fixed interest stocks, one local authority and one industrial. Why does the contract note for the former give the price, plus 15 days, while the latter gives the price only? For capital gains tax purposes, do I have to deduct the accumulated interest from the purchase price?

A letter on this point which was published in the Business Problems column on December 3, 1975, under the heading "Tax on Savings Bonds Dividends." The difference between the two contract notes is merely the result of differing Stock Exchange practice and it has no significance for the purposes of capital gains tax or income-tax. In each case, the cost of the stock (including expenses) is the amount you actually paid, that is, the final figure on the contract note. The gross amounts shown on the counterfoils of the interest warrants will be fully taxable in your hands, without any adjustment for the element of accrued interest reflected in the purchase prices (explicitly or implicitly).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered, by post, as soon as possible.



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Established 1888
Incorporating THE FINANCIAL NEWS
Established 1841

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WEDNESDAY, JUNE 23, 1976

Italy's chance to do better

THE RESULTS of the Italian general election may be briefly summed up as follows: the smaller parties did badly, the Christian Democrats did relatively well, but the Communists did even better. Even the largest of the smaller groupings—the Socialists—did no more than maintain the 9.8 per cent share of the vote which it captured in the previous election in 1972. The Christian Democrats, on the other hand, held steady in spite of everything at 38.7 per cent, while the Communist share went up from 27.1 per cent to 34.4 per cent.

Socialists

It is immediately clear from the figures that the possibility of some kind of Popular Front Government is off. The Communists, Socialists, Radicals and Proletarian Democrats, between them won just under 300 of the 630 seats in the more important Lower Chamber. The old centre-left alliance of Social Democrats and Republicans won 349. That leaves the Communists once again on the Christian Democrats to form a Government—either by seeking to revive the centre-left formula or, if that cannot be done, by a minority administration on their own.

Plainly, wooing the Socialists will not be easy. The Christian Democrats fought, and won a success of a kind, on a relatively Right-wing platform. Many of their leaders will not want to put it into reverse merely to bring the Socialists back into Government. Nor will the Socialists necessarily be in a mood to respond. They did more than any other party to bring about the election at this stage. They hoped to increase their vote and emerge as the arbiter of Italian politics. Having failed in that, it is more likely that they will engage in a period of recriminations rather than re-embrace a formula which did them little good in the past.

Yet, whether the Socialists come in or not, the task of the Christian Democrats is clear. They have been given one more chance, arguably a final chance, to bring in new faces, to shed their image of corruption and to transform themselves.

Accounting to the community

THE Government's discussion paper on the aims and scope of company accounts is a strange mixture of tentativeness and determination, of realism and airy ambition. Its starting point, like that of the Accounting Standards Steering Committee in "The Corporate Report" published last year, is that few people would nowadays dispute the view that companies have responsibilities to employees and to the community in general as well as to shareholders and creditors, and that these may call for the disclosure of more information. The problem is to decide what that information should be, and the paper begins with the general principle that company reports should contain information which is of general public interest, leaving more specialised information to be supplied in different ways.

The accountants came up with seven new types of information which they suggested might be included in company reports. Two of these—money dealings with Government and transactions in foreign currency—are now dismissed out of hand, and social accounting as such is said to be a matter in which the law cannot at present play a significant part. That leaves as the main candidates for further consideration a statement of added value, a report on employment, a statement of future prospects and another on corporate objectives.

Half-baked

A statement of added value, such as many companies already include in the explanatory statements issued to employees, may have its educational value and the only real objection to be raised against its inclusion in the annual report itself is that it might serve to distract attention from profitability (when properly measured) as the ultimate yardstick of a company's performance. A report on employment matters would be useful, but is mainly of concern to employees and unions and should probably be distributed to them rather than included in

Trend

As for the Communists, the results are the best they could possibly have hoped for, even if they could not say so openly. The Party has increased its power without any corresponding increase in responsibility. By staying out of government there will be none of the complications with Italy's allies of the kind forecast by Dr. Kissinger. The prospect of new elections is close enough to prevent internal wrangling and Sir Berlinguer may fairly say that he has increased not only the Party's share of the vote, but also its claim to respectability. Looking at the trend of the past few years and the results today, the Communists indeed look very well placed to do even better next time. That possibility alone ought to be sufficient to persuade the Christian Democrats to take advantage of the opportunity they have gained.

Profitability

The remainder of the Government paper is concerned with miscellaneous suggestions for the form of the company annual report which have been made elsewhere. Some of these are being dealt with as accounting standards. Among the rest, there is undoubtedly a strong case for providing fuller and more readily comparable information about the turnover and profitability of different sections of the business, including business at home and abroad. More information is needed about pension fund obligations, though difficulties will clearly remain about *ex gratia* payments. And a case can be made out for requiring some indicator of efficiency, such as output per head or the age of productive assets, to be included in the accounts—though the ultimate yardstick of efficiency in a mixed economy must remain properly measured profitability.

Michael Dixon discusses if the Treasury is wrong to urge higher fees for foreign students.

The argument over fees for foreign and U.K. students

OFTEN on a Sunday afternoon a young man from one of the African countries stands up in Hyde Park and makes a speech. In it, he names numerous other Africans who, while studying in Britain, pressed into charging about £250 for each member of the Speaker's Corner and later went home to become the leaders of their countries. "Now you will understand why I come here to speak and study," he says. There are many others like



Jomo Kenyatta, President of Kenya, and once a foreign student at LSE.

him. The present estimate is that about 60,000 students from various overseas countries are attending British universities and the polytechnics and colleges of our further education system. In total, they make up roughly one in every ten of the full-time student population, and in return for their tuition they pay fees averaging about £320 a year, compared with a charge of £140 for British students.

In this, today's overseas students differ from Jomo Kenyatta and their other celebrated predecessors. Only ten years ago the fees charged by the State institutions of post-school education were the same both for British and for foreign

students. In 1967, however, the Labour Government imposed a change. The long established principle of fee-parity was abandoned, and the largely unwilling education system was pressed into charging about £250 for each member of the overseas contingent, while fees for the British stayed at about £80 to £75 a year.

Even though the fees charged by the institutions are not necessarily paid by the students Of the estimated present total of about 60,000, roughly half are in the 44 U.K. campus universities, which have a large measure of control over their own affairs although they are subject to financial "persuasion" by Government by way of the University Grants Committee. The rest are mostly in the polytechnics and further education colleges which draw their funds from the local education colleges. How many overseas students are accepted for any particular course is mostly a local decision.

The intakes have apparently risen all round. They have gone up among the sub-degree courses in the colleges, which account for about 31 per cent of the overseas total, and among the bachelor-degree courses in universities and polytechnics, which account for roughly 37 per cent. But it is at the postgraduate, higher-degree level—which accounts for the other 29 per cent—that the increase has been most marked.

The number of foreigners taking the expensive postgraduate programmes in the 1975-76 academic year is estimated at 16,539 in universities, with about 500 more in other institutions such as polytechnics. So in the university sector, there has already been a 13 per cent increase in the number of postgraduate students from overseas over the two years since 1973-74—the latest year for which it is possible to break down the numbers by the subjects studied, and on which the table with this article is based.

As the figures show, overseas students have taken over a noticeably increased share of the full-time postgraduate population in almost every group of subjects. The only declines in their share between 1972 and 1974 were in pre-clinical medicine and dentistry, and clinical medicine, for which home demand has of late been increasing strongly. But this enthusiasm among British youngsters to train as doctors is sadly in sharp contrast to their at best stagnant demand for courses in other studies with a direct bearing on work outside the education system. Indeed, given the further increase in numbers from overseas in the past two years, it seems likely that our university postgraduate programmes in engineering, and other technologies, including agriculture are all now producing more manpower for the economies of overseas countries than they are for our own.

In the circumstances it is surely only right for Government to start asking whether such a bountiful supply of education to foreigners at fees which represent only a small fraction of the cost, is something that this country can any longer afford. But the obvious answer—a firm and resounding "no"—is not necessarily the right one.

POST GRADUATE STUDENTS IN UNIVERSITIES

SUBJECT GROUP	1971-72		1972-73	
	Total students	% from overseas	Total students	% from overseas
Clinical dentistry	134	47.8	140	55.0
Veterinary science	154	43.5	174	53.4
Agriculture and forestry	854	47.1	1,329	49.3
Technologies other than engineering	1,399	41.3	1,639	48.1
Engineering	4,887	36.8	5,203	47.2
Clinical medicine	1,246	44.5	1,544	44.1
Mathematics	1,859	27.4	1,951	28.2
Architecture and town planning	954	26.7	985	25.3
Social studies	4,791	33.2	7,721	35.2
Arts	5,638	33.9	6,184	34.2
Other medical and health	677	38.2	720	34.2
Physical science excluding maths	6,105	21.3	5,866	24.9
Combination subjects, miscellaneous	726	26.4	763	27.7
Business management	1,751	17.8	1,667	24.4
Biological science	3,024	21.4	3,084	24.2
Pre-clinical medicine and dentistry	338	25.2	327	22.2
Other professional studies	201	10.9	228	14.6
Education	7,553	7.9	8,911	12.1
TOTAL	44,492	26.4	53,711	31.7

For one thing, the overseas students who are attracted by the subsidised fee-levels bring into the country large sums of foreign exchange to pay for their living costs. Moreover, detailed calculations suggest that the amount they pay into the public purse by way of indirect taxes on purchases during their stay here, outweighs the British taxpayers' contribution towards the cost of their studies.

In addition, the increased numbers of foreigners are in many instances merely taking up already existing student capacity which would otherwise have gone unused. So, in practice, the actual extra cost of accommodating many of the overseas contingent is small.

But even though the British economy may already be more than breaking even on the deal, there is no doubt that it could do considerably better. Even before the recent decline in sterling, the trend of overseas demand for student places seemed strong enough to bear a material increase in fees. True, fees in competitive Western and other countries would then be lower, but students' living costs in most of them would be higher, and the others mostly do not have the advantage of the English language—which is now undeniably the "business language" of the world at large, and seems now to be overtaking French as the medium of international diplomacy. Given such bullish prospects, and the desire to trim the public expenditure of which the education system accounts for more than £6bn. a year, it is not surprising that the Treasury has called on the universities and other post-school institutions for steep increases in fees for foreigners, by report to levels of up to £2,000 a year.

This call was answered by the united opposition of the Department of Education and Science

and virtually all the educational bodies concerned. While numerous eminent educators and others continue to be fiercely hostile, however, and the Government remains divided on the issue, the education system has now shown that it is willing to compromise. In essence its terms are that it would be willing to institute increases in fees, but only if the 1967 change of principle is reversed so that, from October 1977, the fees charged by institutions are the same both for home and for overseas students.

The body through which this possible compromise has been suggested is the Committee of Vice-Chancellors and Principals of the U.K. universities. But the scheme evidently has the support of both the Department of Education and Science and the University Grants Committee, and could be extended in principle to the polytechnics and colleges funded through the local authorities.

From October 1977, the vice-chancellors suggest, the university fees should be set at £250 for undergraduates and £450 for full-time postgraduates, regardless of the country from which they come.

At undergraduate level the new fee would represent a reduction from the previous average for the overseas contingent, and so would probably produce a considerable growth in demand. So as a counter, the vice-chancellors recommend the establishment of a quota for the total number of foreign students to be admitted in any year to this country's university sector.

For British students, however, the proposed new fees (which would not be charged for students who began their courses before 1977) would represent a big increase. So, to avoid adding perhaps the last educational straw to the financial burden of many middle-income families, the vice-

chancellors' committee recommends a raft of limits on parental income above which families are exposed progressively to contributions to the cost of their children's post-school studies.

This compromise scheme is undoubtedly well considered. But the extra foreign exchange gained by the policy would be far less than would be obtained by setting the uniform fees at national higher levels—so as to meet the need for a quid pro quo, and compensating for the loss of the parental income tax for poorly-off aspirants from foreign countries.

The vice-chancellors' scheme against the higher fee, because these would increase the proportion of the universities' income dependent on the number of students they take, and so make the income liable to fluctuate from year to year. At present, the proportion is only about 10 per cent. The proposed fee changes, then calculated so as to be about that figure.

Given the country's need for extra earnings from abroad, would certainly not be a hearted of the Cabinet—finally announces its position on the fees issue, just before the summer—to ask the educational institutions to accept a bit more certainty in their financing for the sake of maintaining a considerably bigger contribution to the balance of payments. And, who knows, the market pressure imposed on universities by a greater dependency on fee income, might create their responsiveness to the needs of our industrial and commercial concerns with increasing scepticism about the value of a British higher education.

MEN AND MATTERS

A French connection

If proof were needed that internationalism is the name of the game these days in merchant banking then it is provided by the appointment of a Frenchman, Jean Pierre Frayse, as executive deputy chairman of Guinness Mahon from August 1. Currently the bank has Sir Charles Villiers as executive chairman, but he is due to move on in September to take up the chairmanship of the British Steel Corporation.

Frayse does not reckon to succeed Villiers as chairman. "I strongly believe that a British Bank should have a British chairman." But there is every possibility that the next chairman will occupy a non-executive role, thus leaving Frayse as the effective boss.

Should that be the case then Guinness Mahon is likely to become much more of an international merchant bank, drawing heavily on the international trading contacts and business of its parent company Guinness Peat. Frayse, 45, may believe in nationalism as far as chairmen are concerned but he is convinced that the future in merchant banking rests in inter-country deals.

Frayse comes to Guinness Mahon from Lloyds Bank International where he was the director responsible for the merchant and investment banking division. It was his success in building up this side of LBI that attracted Guinness Mahon, and although he was not "head-hunted" as such, the move was negotiated through "mutual friends."

six months getting the feel of the bank before he takes any major policy decisions. "There are great dangers in moving too fast," he says. "I move fast—but only when I am sure of my ground."

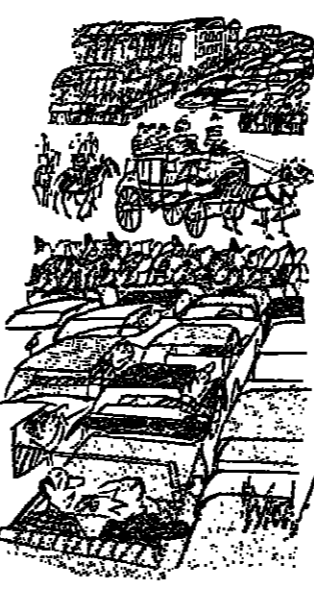
Tempo, suits and attitudes

Whatever he might think of the British economy as a former Finance Minister, Valéry Giscard d'Estaing, the French President could hardly fail to be struck by the pace and the impeccably military ceremonial which greeted him today at Victoria Station at the start of his state visit to Britain. Much more impressive than during his recent state visit to the U.S., where H. Giscard was dumped rather unceremoniously on the White House lawn in a helicopter.

Whether he was equally impressed by the rendering of the "Marseillaise" by the band of the Grenadier Guards is another matter. Apparently unaware of the instructions given by the President in his own country that the "Marseillaise" should be played at a slower and more dignified tempo than has been the previous practice, the Guards band played it at the lusty rhythm so beloved of French rugby crowds, who finish singing it long before the music has stopped.

Further interest was caused by the sight in the welcoming party of Anthony Crosland, the new Foreign Secretary, in a lounge suit, while everyone else, including the Prime Minister, was wearing the prescribed morning dress or uniform with decorations.

Crosland, no doubt, took his cue from President Giscard himself, who posed for his official photograph after his election in a lounge suit, a much-criticised innovation in France, and who likes wearing green dinner jackets.



"Stopping 3,000 tennis-mad Englishmen from getting to Wimbledon is no way to improve the Entente Cordiale."

out of luck yesterday. His diplomatic move to further Anglo-French relations fell flat since the President had bowed to protocol on this occasion by wearing morning dress.

The French Presidential visit has been accompanied by the usual spate of "insights" by French journalists into the host country.

The special correspondent of the ultra-serious "Le Monde," for instance, discovered that Britain now had a climate which compared favourably with that of the Costa Brava, enabling Londoners in beach-wear to sunbathe on the "aristocratic" lawns of Regent's Park and the more proletarian grass of Hyde Park. More surprisingly, the same observer found that consumer prices were now regally going down? Not regular for a country which, according to the French press, was permanently shrouded in fog and

had a rate of inflation of 15 per cent. only yesterday. Maybe state visits are useful after all.

Another wet joke

Smith, wealthy but a bit unworldly, finally achieved membership of his highly exclusive local golf club. On his first visit he invited the captain for a drink. The captain accepted, but also suggested that Smith should refrain from parking his rather ordinary saloon car in the club car park.

The next week Smith brought his Rolls, parked it next to the captain's, and offered the captain a drink. The captain accepted, but suggested that he should have it in Smith's car. Reluctantly Smith admitted that his car had no bar.

To cut a long story short, the following week it was lack of a chauffeur that caused Smith to be put down by his club captain, and the week after that it was the fact that he had no telephone in his car. Having repaired all these omissions Smith was being driven to the golf course when he spotted the captain's Rolls in front of him in the traffic. Confidently he picked up his phone, rang the captain, and suggested that they should have a drink when they got to the clubhouse. "Very well," came the terse reply, "but please, Smith, next time don't bother me while I'm in the bath."

(If you don't get the headline you didn't read yesterday's column.)

Ah! Promises...

I quote from a staff magazine: "I hope this article has given you useful information about how to deal with everyday plumbing troubles in the home. Next month I will go more fully into sewage."

Observer

A private briefing on International Finance

The Economist Financial Report

From July 7, 1976, The Economist's knowledge of what is happening in the world's banking and financial markets is available to you through a new, private briefing on international finance. Every fortnight, its 8-12 pages will contain material that is too specialist or too speculative to appear in The Economist itself.

The Economist Financial Report will provide highly sophisticated analyses of the news, trends and likely future developments in international finance. It will present key information that is not available from normal sources, and which needs to be interpreted with skill and judgment for its significance to be perceived.

Its articles will be short and written with clarity and style. Its editor, Marjorie Deane, will call on the full resources of The Economist's international banking and finance team and on contributions from well-placed outsiders. Its circulation, by subscription only, will be private and exclusive.

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Italian politics, but with a difference

THE MOST STRIKING feature of yesterday's Italian General Election was what did not happen. The Christian Democrats did not lose their post-war position as the largest single party in Italy and the Left-Wing coalition, comprising the Communists, Socialists, Radicals and the neo-Fascist Proletaria, could only count on 204 seats. The centre-right formula, tried with scant success in the 1972 election, could only count on 303 seats, compared with the 330 seats this coalition of Christian Democrats, Social Democrats, Republicans and the Liberals, but excluding the Socialists, enjoyed in the last Parliament. This effectively counts out the centre-right formula as it no longer has a majority in Italy. It should be remembered there is a pact between all parties of the so-called "constitutional" arc to exclude the neo-Fascist Movimento Sociale from any government. In the last Parliament that meant the freezing of 8.7 per cent of the electorate and 56 seats. But in this election the MSI has suffered the fate of the other minor parties and has been reduced to 35 seats.

All the smaller parties lost a considerable number of seats with the exception of two newcomers to the new Parliament, the extreme Left Wing group, the Democrazia Proletaria and the Radical Party which obtained ten seats between them.

As a result the composition of the new Parliament reflects a much greater degree of polarisation in Italian political life, and makes the formation of a new Government with a workable majority highly problematical.

In numerical terms the only conceivable form of coalition able to put together a workable parliamentary majority remains the much maligned centre-left formula, under which Italy was governed, with increasing disappointing results, from 1963 to 1975. This formula of Christian Democrats, Socialists (PSI), Social Democrats and Republicans (PRI) could still count on a comfortable

majority of 349 seats in the 630 seat Chamber of Deputies, compared with 371 in the last Parliament. As against this the Left-Wing alternative formula of Communists, Socialists plus the two newcomers, the Radicals and the neo-Fascist Proletaria, could only count on 204 seats. The centre-right formula, tried with scant success in the 1972 election, could only count on 303 seats, compared with the 330 seats this coalition of Christian Democrats, Social Democrats, Republicans and the Liberals, but excluding the Socialists, enjoyed in the last Parliament. This effectively counts out the centre-right formula as it no longer has a majority in Italy. It should be remembered there is a pact between all parties of the so-called "constitutional" arc to exclude the neo-Fascist Movimento Sociale from any government. In the last Parliament that meant the freezing of 8.7 per cent of the electorate and 56 seats. But in this election the MSI has suffered the fate of the other minor parties and has been reduced to 35 seats.

But the re-emergence of the centre-left as the only conceivable form of majority government, if Communist or neo-Fascist participation continues to be excluded, brings us back to the central dilemma of Italian politics. This is the fact that Italy has been essentially unworkable for the last two years, because the Socialist Party rejected the political validity of continuing the centre-left coalition. On the basis of the divorce referendum result in May 1974 and the Left-Wing advance at the regional elections last year, the Socialist Party declared the centre-left

coalition dead and buried and insisted that it would only re-enter a new government if the Communist Party were either a member or gave its parliamentary support. The party's congress earlier this year called for the formation of a broadly based coalition government including both Christian Democrats and Communists as its short term objective with the declared long term aim of arriving at a form of Left-Wing alternative Government which would consign the Christian Democrats to an opposition role.

In order to achieve this the Socialist Party first played a major role in bringing these early elections about and then went into the campaign with an appeal to the electorate to cut the Christian Democrats out to size and increase the votes of the Socialist Party. In this way it hoped to be able to act as a midwife and honest broker either to a broadly based Government in which the Christian Democrat party played an equal but not hegemonic role, or to bring about the Left-Wing alternative in which it hoped to play the kind of role played by Mr. Francois Mitterrand in the French Union of the Left.

Today those ambitious hopes lie in ruins. The PSI lost the ground it gained in the regional elections last year and has returned to the 9.6 per cent of the votes it gained in the 1972 elections, but with four seats less than in the last Parliament. At the same time the re-formation of the Christian Democrat Party and the 7.3 per cent vote points rise in the share of the Communist Party means that far from becoming a major protagonist it has sunk to an even more subordinate position vis-à-vis the two political majors. The net result of all this is almost certain to mean a period

ITALY'S CHAMBER OF DEPUTIES

Party	1972	1976	Diff.
DC	12.9	35.7	22.8
PSI	9.0	27.1	18.1
PCI	3.2	9.6	6.4
MSI	2.9	3.7	0.8
MSD	1.72	5.1	3.4
PLI	2.3	2.9	0.6
PRI	0.95	2.8	1.9
Dem. Prolet.			
Rad.			
Others			
	430	630	

Glossary:
DC Democrazia Cristiana
PCI Partito Comunista Italiano
PSI Partito Socialista Italiano
MSI Movimento Sociale Italiano (monarchists and neo-fascists)
MSD Partito Social Democratico Italiano (Social Democrats)
PLI Partito Liberale Italiano
PRI Partito Repubblicano Italiano
Dem. Prolet. Democrazia Proletaria (extreme Left-Wing grouping)
Rad Partito Radicale—civil rights group (Radicals)

of anguished soul searching and a bitter leadership struggle within a party which is bound to feel an even deeper inferiority complex towards both the Christian Democrats and the Communist Party.

Overcoming this is likely to demand an almost superhuman degree of generosity and understanding on the part of the Christian Democrat Party in particular if the Socialist Party is to be drawn back into a new form of centre-left coalition. It will require political skill of the highest order.

But this highlights the fact that the undoubted political victory obtained by the Christian Democrats at this election, against all the odds, has in fact placed them in an extraordinary delicate situation. They fought the election campaign by playing on the Italian electorate's fear of communism,

its fears of the possible internal and international repercussions of a Left-Wing victory, explicitly sought out votes from the neo-Fascist area and called in the big guns of Vatican anathema and international opinion. The latter underlined the possible negative effects of a Left-Wing victory on Italy's relations with NATO and the EEC and the likely consequences of the intersection of the Italian election results and the elections in West Germany and the U.S. Leading Christian Democrat candidates also held out the prospect of a new form of Marshall Aid for Italy if democracy was saved in Italy and warned that credit would be cut off if the Left-Wing parties won.

It has proved to be a highly successful strategy to which credit must go to party president, Mr. Amintore Fanfani and the Prime Minister, Sig. Aldo Moro, the leading strategist of

the campaign. The other side of the CD campaign personalism by party secretary Sig. Benigno Zaccagnini, was the promise to "renew" the party, to retire the old and corrupt and promote the younger generation leaders.

But having won the election the CD party now re-finds itself with the principal responsibility for forming a government, and face the enormous economic and social problems of the country, from a new Parliament which contains a significantly strengthened Communist Party and weakened minor parties which are deeply resentful of the way in which the CD Party's campaign tactics robbed them of their own electoral support.

It appears painfully obvious that under these circumstances the only way in which the CD Party will be able to put together a viable Government is to use its reconfirmed strength with extraordinary magnanimity. That is to say that this now-renewed party will have voluntarily to give up a disproportionate part of its power in terms of ministerial posts to precisely those smaller parties, and especially the Socialist Party, who have emerged as the losers from this election.

But this is asking for an extremely high level of political sophistication from a party which has won the election by appealing to the moderate and Right-wing element of the Italian electorate and by putting forward a series of new candidates who themselves will now be looking for a satisfying political career, precisely in the kind of posts which, if this analysis is correct, will have to go in large part to the minor parties as the price of putting together a Government.

On the most optimistic assessment therefore, assembling a

viable Government is likely to take a considerable amount of political skill and time. In the interim period the most likely immediate outcome of these elections is the reformation of some kind of temporary Christian Democrat minority Government, similar to the one led by Sig. Aldo Moro which governed Italy before the elections. But even this is going to take a measure of consensus from the other parties, including the Communist Party.

Energies

But politics does not exist in a vacuum and now that the elections are over the Government, of whatever kind, will have to tackle, *inter alia*, the extremely critical economic situation and the problem of how to reduce the public sector deficit and increase the efficiency of the public administration. Indeed a whole series of measures are urgently required to correct the structural imbalances in the Italian economy, modify the inflationary aspects of the threshold payment system, raise productivity and investment. All this will require a broad level of agreement on specific issues between the Government, the trade unions, business and the opposition.

It is at this level that newly elected Christian Democrat Sen. Umberto Agnelli, for example, has proposed a *contrattazione* (process of consultation) particularly on economic policy with the Communist and other parties. This was also the intention of Republican Party leader, Sig. Ugo La Malfa, who tried to get such a discussion off the ground prior to the election.

Indeed one of the positive effects of this election is that many of the new candidates put forward by all the major parties

as independents have been elected. These include businessmen like Sig. Agnelli, economists like Communist independent Sig. Luigi Spaventa and Christian Democrat independent Sig. Gaetano Stagnini, former chairman of the Banca Commerciale Italiana. The hope is that the new Parliament will benefit both from fresh energies and professional competence. But it remains to be seen just how successful such men are in replacing some of the well entrenched party veterans.

But it is also clear that the substantial increase in votes and seats of the Communist Party will demand a new kind of relationship between Government and Opposition in the new Parliament. The Communist Party's view, confirmed by Party Secretary Sig. Enrico Berlinguer, is that the results become known, as they have become known, is that this election confirms the central role of the "Communist question" in Italian life. The party has continued to increase its attractiveness to a growing section of the Italian electorate and its reputation for efficient organisation and honest administration. Some way has to be found to tap the energies and resources of a party which now represents over one-third of the Italian electorate. The Communist Party line is that this can best be achieved through the creation of a broadly based government of national unity on the West German *Gross Koalition* lines, until what it terms the national emergency situation is over.

This the Christian Democrat Party can be expected to resist by calling for a *contrattazione* between the Government and the P.C.I. on specific issues while maintaining the formal dividing line between Government and Opposition. Whether this dividing line can be maintained indefinitely remains to be seen.

Letters to the Editor

Deferred tax accounting

Mr K. Beecroft

As you reported on June 16, pressure that is being put on Accounting Standards Committee to suspend its standard on deferred tax accounting. Suspension of the standard would only be the issue of how the Government is to be able to use here to comment on the ideal aspect but rather to urge we should not try to pretend the liability does not exist by failing to reflect it in company accounts.

I need for deferred tax accounting arises where a potentially taxable profit is brought to account but the corresponding tax payment is postponed because the profit has not been realised—as with a property sale—because of some governmental objection to providing this tax was used in your report as "Companies just would not be able to absorb vast sums and setting provisions in accounts as if they were liabilities creates a misleading impression of company finances." Inability to pay is a novel reason for failure to account.

Government has never said that tax will not be payable. What has said is that if you follow the standard as desirable, it is not a desirable thing to do. Investing in stock, your liability on certain profits will be postponed. If you stop following the policy by selling everything and closing your business down, you still have to pay. If government intervenes, it will forgo the right to collect the tax, it would either reduce the tax rate or allow faster deductions as an expense which, in turn, would reduce the amounts involved in deferred tax accounting to figures that were acceptable.

I think that those people who are perturbed about the accounting standard should consider whether their cause would be better served by persuading government to abandon the technique of deferring, as opposed to cancelling the liability rather than by persuading themselves and the Accounting Standards Committee that the liability does not exist. A deferment of the liability is not a grant.

Kenner Beecroft
Mann Judd,
2 Torrington Place, W.C.1.

Debtors and creditors

From The Managing Director, H and H Factors.

Sir—At the risk of appearing argumentative, I find misconceptions arising regarding factoring in Mr. A. A. Darg's letter of June 16.

Why is it inflammatory to bring in a third party in any commercial transaction? If a company sub-contracts out the keeping of its ledgers to a computer bureau which can use experts and equipment spread over a large number of users, is not the same true for the services of a factoring house? Mr. Darg makes the mistaken assumption that any third party will be using the same equipment and human resources as his client. On this basis many accountants, credit insurance companies, computer bureaux, to name but a few, could all be described as inflammatory.

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To-day's Events

GENERAL.
President Giscard d'Estaing of France addresses members of both Houses of Parliament, followed by lunch at Downing Street and talks with Government Ministers.
Mr. John Vorster, South African Prime Minister, meeting Dr. Henry Kissinger, U.S. Secretary of State, in Eastern Baviaria. Meeting of the TUC general council.
Meeting of Labour Party executive.
Newham Labour Party general council meeting on move to expel Mr. Reginald Prentice, Minister for Overseas Development.
Prime Minister meets his Egyptian counterpart, Mr. Anwar el-Sadat.

INTERNATIONAL.
Mamdouh Salem, in Riyadh, for talks on the Lebanese crisis.
PARLIAMENTARY BUSINESS.
House of Commons: Development Land Tax Bill remaining stages.
Select Committees: Expenditure (Environment Sub-committee, Subject: Planning procedure, Witnesses: Department of the Environment, Employment Sub-committee, Subject: Preventive medicine, Witnesses: Faculty of Community Medicine Society and Society of Community Medicine.
House of Lords: Debates on needs of the elderly, and on implementing decisions of the summit conference of the European Communities in December 1974.

OFFICIAL STATISTICS.
New vehicle registrations (May).
COMPANY RESULTS.
London and Overseas Freighters (full year), Tesco Stores (Holdings) (full year).
COMPANY MEETINGS.
Briston Estate, 22, Ely Place, E.C. 12, 15, Dixor, Epsom, 12, Estate Duties Investment Trust, 91, Waterloo Road, S.E. 10, 45, Harris Investment Trust, 14, Great Tower Street, E.C. 3, 12, Warley, 10, 30.

EXHIBITION.
British Army Equipment, Aldershot (overseas traders).
ROYAL OPERA HOUSE, Covent Garden.
Gala performance of Verdi's *Un Ballo in Maschera* in honour of President Giscard d'Estaing of France, 8.15 p.m.

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Booth's Distillers Limited London

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COMPANY NEWS & COMMENT

Associated Leisure profit up to £1.77m.

AFTER £1.13m. against £1.06m. for the first six months, pre-tax profits of Associated Leisure came to £1.77m. for the 32 weeks to March 14, 1976, compared with £1.39m. for the previous 44-week period. Turnover was £13.24m. against £10.73m.

Earnings are shown at 3.42p (2.9p) per 5p share and the dividend total is the maximum permitted 2.45p (1.97p) net with a final of 1.33p.

The figures do not include results of Stanerlands Group, as accounts are not yet available. The liquid position of the company remains strong with cash and short-term deposit at March 14, 1976, amounting to over £2.5m., members are told.

comment
A high yield and cash resources provide the main attraction for investors in Associated Leisure. The group's earnings growth prospects are unexciting in the short term, but year profits rose by 10 per cent. (annualising the previous year's figures) and there seems little scope for any more significant growth this year from the existing entertainment interests. At 3.42p the yield of 14 per cent. looks generous, however, and even though the group is apparently having some difficulty in finding new entertainment areas in which to diversify, while its present cash balance of £2.5m. provides some extra support for the shares.

£4.8m. by IDV at halfway

From sales of £13.63m. against £12.04m. profits before tax of International Diversifiers and Vintners rose from £3.87m. to £4.79m. in the six months ended March 31, 1976. For 1974-75, turnover was £23.57m. and pre-tax profit £9.89m.

The group is a subsidiary of Grand Metropolitan.

comment
Bulmer and Lumb's stock reserve adjustments, designed to even out major profit distortions caused by wool price fluctuations, have

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Bowring (C.T.)	18	7	Lawrence (Wm.)	22	5
Bradford Property	22	3	Oxalid Group	21	5
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Bulmer & Lumb	18	2	Powell Duffryn	20	3
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Hill (Philip)	22	8	Touche Remnant	22	7

Bulmer & Lumb upturn

Worsted spinners, Bulmer and Lumb (Holdings) reports an increase in pre-tax profits from £341,442 to £624,412 for the year ended March 28, 1976. First half profits were down from £245,099 to £200,000.

Adjusted earnings per share are 3.8p (3.5p) and the net dividend is 1.4047p making a total of 2.3974p. A total not less than the previous year's 2.3333p was forecast.

The current year has started well and should prove to be at least as good as the previous year, the directors say.

Trading profit was £1,070,110 (£1,050,110) after deducting £200,177 (adding £666,742) in respect of an increase in stock reserve due to fluctuations in wool prices and after adding £85,000 (deducting £200,000) for anticipated loss on contracts on hand no longer required.

The tax of £293,000 for the year includes £29,000 Corporation tax on the profits of the year ending January 1, 1977 and the balance of £264,000 represents £207,000 deferred taxation less an extraordinary credit for notional advance corporation tax offset against prior year profits. ACT payable in 1976 on the 1975-76 dividends amounts to £118,000.

comment
Bulmer and Lumb's stock reserve adjustments, designed to even out major profit distortions caused by wool price fluctuations, have

this time disguised a sharp upturn in genuine trading profits. Stock profits certainly contributed to the increase of nearly 2½ times to about £1.3m. at this profits level. But a revival in demand in the second half which put the group back on full-time working was the main boost which produced a better than forecast pre-tax rise over the year following a 54 per cent. jump in the last six months. The sudden turn-around from the depressed first half (including a nearly 2½ point rise in margins) was also enhanced as production capacity came into fuller use and as less profitable activities were shed. The group should continue to benefit from the economic recovery overseas and, even if the U.K. remains flat, a pre-tax rise in current year profits of a similar order to last year's is on the cards. Meanwhile the stock reserve is at a comfortable £850,000. After a 3p rise yesterday, the shares at 3½p yield 13.6 per cent. where the p/e is 7.5.

Advance by Evans of Leeds

ON REVENUE up from £1.55m. to £1.62m., property investors and developers, Evans of Leeds lifted pre-tax profits from £605,040 to £727,159 in the year to March 31, 1976, after £273,198, against £238,038, for the first half.

Not profits for the year were £428,246 (£287,254) and stated earnings rose from 3.30p to 4.35p per 25p share. The dividend is effectively lifted from 1.55p to 2.1148p and with a final of 1.33p (1.97p).

The directors say that gross rentals continue to improve.

ELLERMAN MORE OPTIMISTIC

Ellerman Lines yesterday produced a more optimistic view of this year's prospects than was shown further growth.

outlined in the chairman's report published in May. Chairman, Mr. Dennis Martin-Jenkins told the annual general meeting that the original assessment had proved to be pessimistic. "We shall, I think, certainly produce a result which is equivalent to last year," he said.

Pre-tax profit for 1975 was £8.6m.

Tecalemit up 52% to £1.18m.

PROFITS before tax of Tecalemit rose 52 per cent. to £1.18m. for the year ended March 31, 1976—a record for the group and in line with the forecast of more than £1m. made at the time of the rights issue earlier this year.

The chairman, Mr. N. Bennett, says the vastly improved results followed the restructuring of the group in December 1974. On the current year "we aim to do even better and subject to the usual proviso, stockholders can expect a further improvement in profits," he says.

Adjusted earnings per share are 7.5p (4.9p) and as forecast the net dividend is 1.95p making a total of 2.925p on increased capital compared with 2.935p previously.

Turnover for the group, which covers fluid transfer, lubrication systems, garage equipment and combustion engineering, was some 13 per cent. higher at £21m.

Direct exports and sales arising overseas were up by £1.0m. to £8.35m. and accounted for 41 per cent. of group turnover.

comment

The 52 per cent. pre-tax increase at Tecalemit is in line with the rights issue forecast and the impetus gained in the second half, when profits rose 73 per cent., is likely to carry the company to further growth in the current year. The shares rose 3p yesterday to 45p where the p/e is 3.9 and the yield 10.4 per cent., covered 2½ times. Except for the lubrication division, which remains flat, all divisions are enjoying increased demand. Order books are higher than a year ago, with the garage equipment side making good headway. The German subsidiary and its Australian operations continue to improve. Meanwhile, interest charges should fall, further borrowings are being shown. Already, in the first two months of the current year, profits have shown further growth.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Breweries	1.12	Sept. 24	1.02	—	52
Asso. Leisure	1.94	—	0.92	2.44	1.97(b)
Beechwood Construction	1.16	—	1.11	1.66	1.52
Bradford Property	2.77	—	2.57	5.54	5.11
N. Brown	1.68	July 30	1.68	2.51	2.51
Bulmer and Lumb	1.4	—	1.21	2.53	2.33
Country Gents. Assn.	15.56	—	12.06	13.56	12.06
Evans of Leeds	4.35	—	3.18	2.11	1.97
Hambros	5.18	—	5.4	7.73	7.1
Henlys	1.75	Aug. 10	1.75	—	5.36
Home Brewery	0.7	June 30	0.7	—	3.7
I.C. Gas	4.86	Aug. 13	4.05	7.98	6.73
Incedon & Lamberts	2.54	Aug. 12	2.31	3.32	3.04
Irish Distillers	1.7(c)	Aug. 24	1.53	0.59	0.52
Leas Rubber	0.57	Jan. 1	0.87	4.4	3.02(a)
Plessey	1.27	Jan. 1	1.13	—	4.4
Plessey	0.93	Sept. 1	4.27	7.09	6.32
Powell Duffryn	4.59	July 20	3.14	3.32	4.89
Property Hldg. & Invest.	1.66	July 20	1.66	1.66	1.66
Rights & Issues Inv.	0.53	July 20	0.53	0.53	0.53
Rembia Rubber	1.83	July 31	1.93	2.98	2.98
Tecalemit	1.18	—	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. * On capital increased by rights and/or acquisition issues. (a) For 9 months (b) For 44 weeks. (c) Gross throughput.

Henlys better than expected

TURNOVER, EXCLUDING taxes, of car dealers Henlys rose slightly to £20.7m. in the half year to March 31, 1976, but pre-tax profits fell from £593,000 to £344,000.

Mr. Gordon Chandler, chairman, says that trading profits were substantially better than anticipated and profits declined by only 37 per cent. As anticipated, considerable savings in interest costs were achieved and these are expected to continue.

Shortage of supply of vehicles from the principal manufacturer, especially in the higher price range has been the principal cause of the downturn in profits.

This was particularly severe in the December quarter representing an estimated loss of £2m. turnover with the inevitable effect on the results for that period.

Although profits for April and May approximate to the same level as 1975, it is difficult to predict the outcome for the second half to the members.

However, group borrowings are running well below the level of last year, there is an improving supply position, and new Rover models are being introduced. He is further encouraged by the slowing down of inflation, as this will assist efforts in containing costs.

Used car profits are being well maintained against a marginal fall in volume, but petrol retailing is passing through a fiercely competitive trading period, resulting in reduced margins. The construction equipment, contract hire service and part divisions, from which consistently substantial contributions are expected, continue to hold steady.

Confidence is shown to be down from 2.7p to 1.7p per 20p share. The interim dividend is held at 1.75p. Last year's total was

Index	1975-76	1974-75
Turnover (excl. tax)	62.90	58.70
Depreciation	2.36	2.32
Trading profit	236	235
Interest	42	42
Profit before tax	244	244
Tax	24	24
Net profit	220	220
Dividends	191	191

comment

Henlys has managed to better its forecast, aided by a £100,000 drop in depreciation because of the curbs in its hire fleet, and a £220,000 reduction in interest charges. New car sales have been very depressed, with volume down by more than a fifth, while the used car market has also been quieter. With heavy bias towards the top end of the Leyland range, Henlys' sales have been suffering more than most, though one short-term hope is that the introduction of a new Rover range this summer will inject new life into the business. If Leyland can maintain a continuous flow of the new Rovers, Henlys may be able to stem the profits slide and expect an improvement over the corresponding period in the second half. Possibly annual profits will be maintained, after a drop of about a third in interest charges, to £300,000. The shares at 69p are on a p/e of 9.1, but there is an obvious drop in a yield of 12.3 per cent. though the profits performance of the past three years is hardly inspiring.

THERMIT WELDING

Thermit Welding, a company jointly-owned by BOC International and Elektro-Thermit of Austria, has bought a 73 per cent. holding in Thermitex Proprietary of South Africa. The purchase has been made necessary, says BOC, because of the considerably increased business in the area which calls for technical support and manufacture.

RESULTS AND ACCOUNTS IN BRIEF

AIRFLOW STREAMLINES—Results for February 29, 1976 and observations on prospects reported June 11. Fixed assets £1.2m. (£1.0m.). Net current assets £1.2m. (£1.0m.). Meeting, Northampton July 14, noon.

ATWOOD GARAGES (controlled by Atwood Securities)—Final dividend 6.50p (5.50p). Turnover for year to January 31, 1976, £2,772,293 (£2,347,297). Group profit £282,289 (£238,289). After tax profit £180,587. Earnings per 25p share 1.09p (1.25p).

BEENT CHEMICALS INTERNATIONAL—Results 1975 reported April 1, with chairman's observations on prospects. Group fixed assets £81,476 (£85,345). Net current assets £63,095 (£60,921). Meeting, Harrow (Middlesex), July 8.

BRIGRAY GROUP—Results for year to January 31, 1976, and observations on prospects reported June 11. Fixed assets £2,100,000 (£2,100,000). Net current assets £1,100,000 (£1,100,000). Meeting, Harrow (Middlesex), July 8.

COUNTRY GENTLEMEN'S ASSOCIATION—Dividend for year to March 31, 1976, 12.00p (£12.00). Turnover £12,000 (£12,000). Profit £2,000 (£2,000). After tax profit £1,000 (£1,000). Earnings per 25p share 0.40p (0.40p).

EL ORO MINING AND EXPLORATION—Interim dividend of 0.80p net for 1975 already declared. Chairman has waived entitlement on his holdings of 14,727 shares. Income £204,208 (£207,041). Expenses £20,473 (£24,341). Profit £183,735 (£182,700). Before tax profit £183,735 (£182,700). Dividends £20,473 (£24,341). Retained £163,262 (£158,359). Investments £1,120 (£1,120). Meeting, Cavalry Club (First Floor), 127 Piccadilly, W. 1, July 14, 12.30 p.m.

CONSORT INVESTMENT TRUST—Results year to April 30, 1976, reported June 17. Investments £4,400 (£4,400). Including quoted £1,200 (£1,200). With max. value £3,200 (£3,200). Net asset value per Ordinary Share £127.5 (£127.5). Dividend 8.5p (£8.5p). Meeting, New Court, St. Martin's Lane, E.C.4, September 14, at 2.45 p.m.

FASHION AND GENERAL INVESTMENT—Results for year ended March 31, 1976 reported June 17. Fixed assets £1,100 (£1,100). Net current assets £5,000 (£5,000). Turnover £1,100 (£1,100). Profit £1,100 (£1,100). Earnings per 25p share 0.44p (£0.44p). Dividend 0.44p (£0.44p). Meeting, Winchester House, E.C.4, July 16, at noon.

LENDU RUBBER ESTATES—Turnover £20,234 (£19,789) for 1975. Profit £20,234 (£19,789). Before tax profit £20,234 (£19,789). Earnings per 5p share 0.60p (£0.60p). Dividend 0.60p (£0.60p). Meeting, 31 Cannon Street, E.C.4, July 16, at 2.15 p.m.

LONDON AND PROVINCIAL TRUST—Results year to March 31, 1976, and observations on prospects reported April 17. Fixed assets £11,500 (£11,500). Net current assets £11,500 (£11,500). Turnover £11,500 (£11,500). Profit £11,500 (£11,500). Earnings per 25p share 0.46p (£0.46p). Dividend 0.46p (£0.46p). Meeting, 31 Cannon Street, E.C.4, July 16, at 2.15 p.m.

LONDON AND HOLYWOOD TRUST—Results for year to March 31, 1976, with net asset value reported April 17. Fixed assets £11,500 (£11,500). Net current assets £11,500 (£11,500). Turnover £11,500 (£11,500). Profit £11,500 (£11,500). Earnings per 25p share 0.46p (£0.46p). Dividend 0.46p (£0.46p). Meeting, 31 Cannon Street, E.C.4, July 16, at 2.15 p.m.

PROPERTY INVESTMENT TRUST—Results for year to March 31, 1976, with net asset value reported April 17. Fixed assets £11,500 (£11,500). Net current assets £11,500 (£11,500). Turnover £11,500 (£11,500). Profit £11,500 (£11,500). Earnings per 25p share 0.46p (£0.46p). Dividend 0.46p (£0.46p). Meeting, 31 Cannon Street, E.C.4, July 16, at 2.15 p.m.

Allied Breweries off £5.2m. midway

THE STOPPAGE in Birmingham during the first three months of the current year at Allied Breweries and its effect on trade subsequently, has resulted in a lower pre-tax profit of £27.9m. for the 32 weeks to March 8, 1976, compared with £33.1m. for the previous comparable period. For the year ended September 30, 1975, the figure was £30.19m.

In the second half of the current period, profits are running at a similar level to last year and the directors expect that this more favourable trend will be maintained.

Stated earnings per 25p share are down from 3.21p to 2.78p and the net interim dividend is raised from 1.015p to 1.1165p—last year's total was 3.201p.

Index	1975-76	1974-75
Turnover	117.0	117.0
Depreciation	11.7	11.7
Trading profit	33.1	33.1
Interest	2.7	2.7
Profit before tax	30.4	30.4
Tax	2.7	2.7
Net profit	27.9	27.9
Dividends	10.1	10.1

Statement, Page 20
See Lex

Bowring forms new offshoot

C. T. Bowring and Co. has formed a new subsidiary, C. T. Bowring Underwriting Services, to act both as managers and as underwriting agents of the London market for certain international insurance interests. This venture has been set up in conjunction with March and Anderson Companies Ltd. of London, which will own 25 per cent. of the new subsidiary and the last year.

ISSUE NEWS

Yearlings unchanged

The coupon rate on this week's batch of local authority yearlings is unchanged at 11½ per cent. The bonds are due on June 29, 1977 at par.

This week's issues are: Derwent District Council (£1m.), Luton Borough Council (£1m.), Metropolitan Borough of Wigan (£1m.), Beaconsfield District Council (£1m.), Yate Moor Local Council (£1m.), Anglesey Borough Council (£1m.), Cleybank District Council (£1m.), Fenland District Council (£1m.), City of Liverpool (£1m.), Greater London Council (£2m.), Camoan District Council (£1m.), Central Scotland Water Development Board (£1m.), County Council of South Glamorgan (£1m.), Woodspring District Council (£1m.), Ynion District Council (£1m.), City of Northampton (£1m.), Brentwood District Council (£1m.), Barlow District Council (£1m.), South Northamptonshire District Council (£1m.), Gwent Borough Council (£1m.), East Hertfordshire District Council (£1m.), Watford Borough Council (£1m.), City of Aberdeen, entered shareholders.

BEJAM—96.36%

The rights issue by Bejam to raise £21m. has been taken up to 96.36 per cent. and not 96.37 per cent. as the net proceeds of the shares has been sold at 67.43p each and the net proceeds after the deduction of the offer price will be distributed to entitled shareholders.

BOOTH—72.9%

Booth International (Holdings) rights issue to raise £300,000 on the basis of one-for-three has each been taken up to 72.9 per cent. The balance has been East Hertfordshire District Council (£1m.), Watford Borough Council (£1m.), City of Aberdeen, entered shareholders.

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Amsterdam	£200	Düsseldorf	£275
Antwerp	£190	Frankfurt	£340
Brest	£245	Lille	£145
Brussels	£190	Paris	£195
Cologne/Bonn	£295	Tours	£245
Dijon	£240	Rotterdam	£190

For complete details, contact: Rufus Foster, CABAIR LIMITED, 34, Queens Road, READING, Berkshire, RG1 4BA. Tel: Reading (0734) 581956. Telex: 922611.

BRIXTON

ANNUAL REPORT 1975

- Net rental income £3,928,000 (1974: £3,214,000).
- Gross profit from investment £1,612,000 (1974: £1,408,000).
- Maximum permissible increase in dividend recommended.
- Value of investment properties exceeds £74,000,000.
- Funds available to finance all current commitments and to undertake further developments where suitable opportunities arise.

Copies of the Report and Accounts for 1975 may be obtained from The Secretary, 22/24 Ely Place, London EC1N 6TQ.

Brixton Estate

International Investors in Commercial Property

part of Woodside Estate, Dunstable



King & Shaxson

Limited
52 Cornhill, EC3 3PD,
Gift Excess Portfolio Management
Service Ref: 22.6.76
Portfolio 1 Income £1.21
Portfolio 2 Capital £1.21

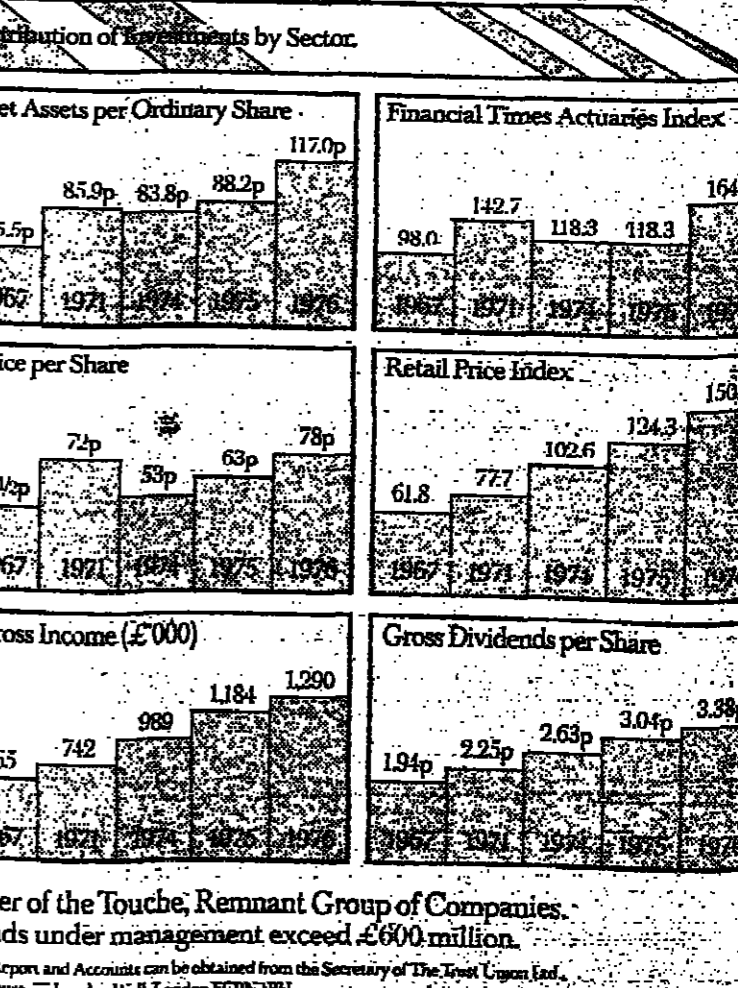
The Trust Union Limited.

Total Assets at 31st March, 1976. £29 million.

Capital Goods 15.4%, Consumer Durables 10.9%, Consumer Non-Durables 13.8%, Financials 34.2%, Chemicals 0.9%, Oil-Mining 0.1%, Others 19.4%, Fixed Interest 10.4%.

Geographical Distribution of Investments:
U.K. 30.6%, North America 28.2%, Australasia 4.9%, Other Countries 2.7%.

A member of the Touche, Remnant Group of Companies. Total funds under management exceed £600 million. Copies of the Report and Accounts can be obtained from The Secretary of The Trust Union Ltd., Winchester House, 77 London Wall, London EC2N 1DL.



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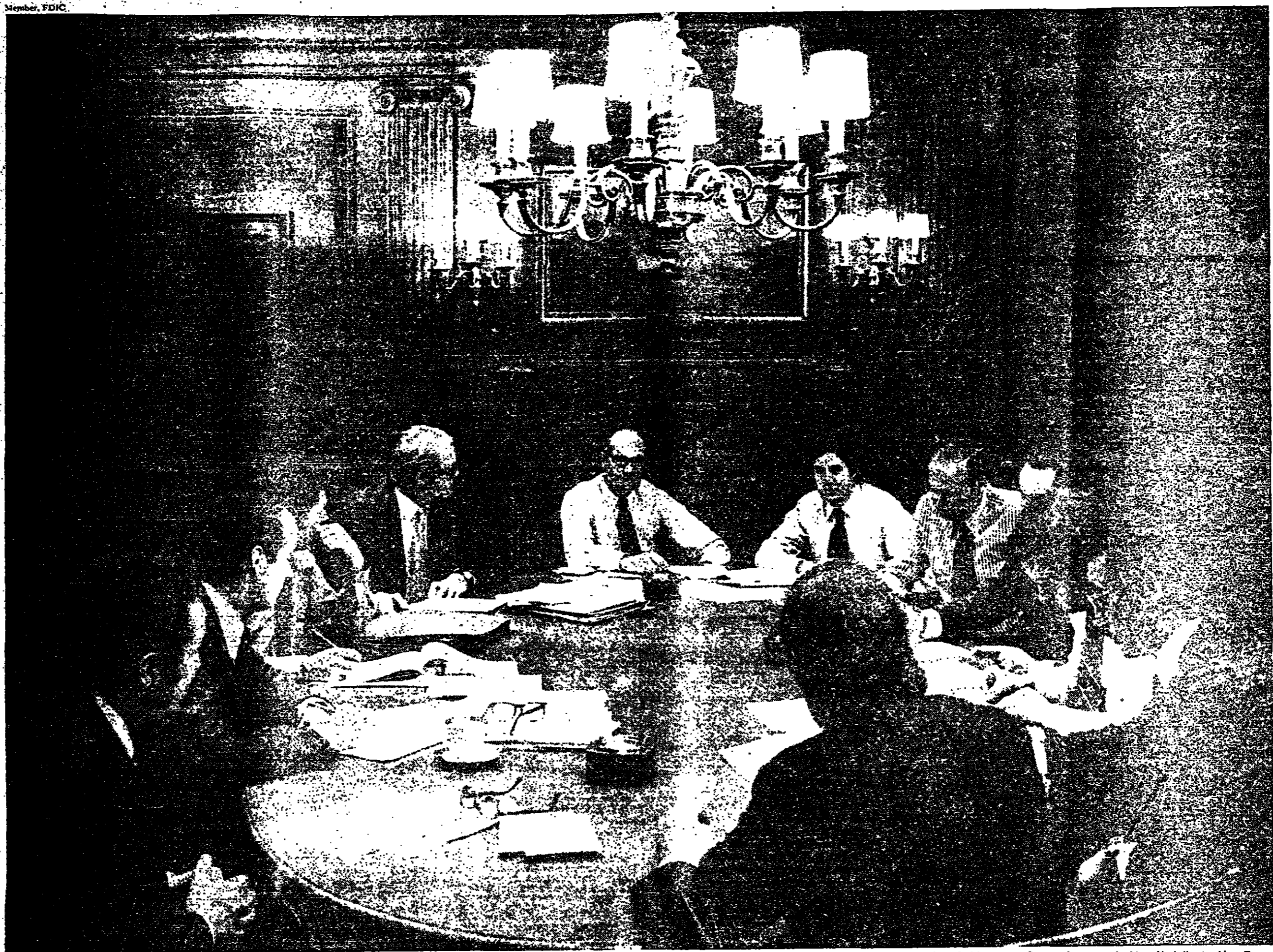
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ANT A NICE SURPRISE

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MINING NEWS

Beralt makes a second payment

BY MALCOLM DUMPHREYS

FOLLOWING RECEIPT of the second tranche of the 1974 dividend paid by its 80.55 per cent owned Portuguese operating company, Beralt Tia and Wolfman has declared an interim dividend of 1p net per share in respect of the year ending December 31, 1976, payable on or about July 25.

As previously announced, the Portuguese authorities approved the payment of 1974's dividend in three equal instalments in 1975, 1976 and 1977, from which a first dividend of 1.75p a share was paid last December.

Speaking at yesterday's London meeting, Mr. L. C. Stoford, Beralt's chairman, told shareholders that the size of the dividend was less than might have been expected owing to the necessity to retain funds in respect of corporation tax and advanced corporation tax although the latter will be offset against future dividends received from Portugal.

There was no fresh information concerning the 50m. escudos dividend declared by the operating company last year which would have a dividend to Beralt of some 2.5p but Mr. Stoford said that he believed the money would be forthcoming and that a dividend would be considered when it arrived.

Production at the Panasqueira mine in central Portugal in the first four months of the current year was on target for the planned annual production of 800 tonnes of wolfram concentrate although there had been a slack in May owing to the production of a five-day working week at the mine. It was hoped that the shortfall in production could be made up by the employment of a larger labour force and this was being undertaken at the mine.

So far the long-suffering U.K. holder of the picture is still one of ailing and hoping that the Portuguese authorities continue to flow for the remittance of dividends declared in that country to the U.K. The Portuguese Presidential elections are to be held this Sunday. Beralt were in yesterday.

MR. MADIGAN ON AUSTRALIA

Australia will need to invest \$55bn. (£2.2bn.) over the next five years if it is to maintain its share of world mineral resource markets according to Mr. Madigan, the chairman of the Anglo-American Zinc Corporation, an ore producing Hamersley Holdings.

Speaking in Melbourne he said at high levels of inflation and change rate movements combined with restrictive government legislation were preventing mining industry potential from being fully realised. He added that his estimates did not take into account development of offshore north-west natural gas deposits or possible uranium mining enrichment operations which would take investment funds to £12.5m. (£7bn.).

On the question of foreign ownership of the country's

mineral resources, Mr. Madigan said that while it must be made clear that Australia controls them, if development funds were not available at home it was in the country's interests for the debt and equity finance to be sought overseas.

ASA'S HOLDINGS

The Johannesburg-incorporated vehicle for U.S. investment in South African mining issues, ASA, reports that its net assets at June amounted to R1724 (£19.83 or £11.15) per share. At that time the Gold Mines Index was standing at 197.0 but it has since fallen sharply in line with heightened political fears and it was 171.5 yesterday.

During the period from February 20 to May 21, ASA increased its holdings in East Driefontein, Kloof, Zandpan, President Brand, Amical and Transvaal. On the other hand the sizeable holding in De Beers was further reduced.

Commenting on South Africa's recent increases in mining tax the ASA chairman, Mr. Frederic Brandt, says that taking into account the higher loan levies (which do not have to be repaid to the mines for seven years), the marginal tax rates on gold mines now ranges from about 70 per cent to 85 per cent. ASA shares were 118½ cum-premium in London yesterday.

SASKATCHEWAN POTASH MOVES

The president of the Potash Corporation of Saskatchewan, Mr. David Dombrowsky, has confirmed that evaluations are under way at Alvin's Potash of Canada's Lanigan mine, this being the first step preparatory to the corporation's decision to proceed with negotiations.

He said the overall evaluation will take some three months and Mr. Henry Imorde, president of Alvin's (a private company controlled by French and German interests) said that the company would co-operate with the evaluation team and that all plant facilities would be made available to it.

The Saskatchewan Government plans to nationalise all or part of the province's potash industry, most of which is owned by multinational foreign companies, mainly American.

MINING BRIEFS

ASICH-JANTAR (NIGERIA)—May 23, 25,000 tonnes, cumulative 23,200 tonnes. Five months to date, on 17,100 tonnes, cumulative 17,200 tonnes. Same period 1975, 22,500 and 19,200 tonnes respectively.

GARTMORE AMERICAN

The true offer price of Gartmore American Trust is 27.5p net. This is 4.7 per cent above the fixed price of this week's offer, and therefore in accordance with the Trust Deed, and as mentioned in the advertisement, the fixed price offer has been closed.

Dealings will take place at the daily offer price.

BIDS AND DEALS

More Artagen shares bought

Artagen Properties shares were yesterday being quoted marginally above Sun Life's bid price of 30p. They ended the day at 30½p.

In a letter to shareholders outlining its final offer, Sun Life includes the information that last Friday, when its raised bid was announced, it purchased a total of over 2.6m. shares in the market. On Monday of this week it bought another 250,000.

This brings Sun Life's total through acceptances, purchases and the initial 35.35 per cent, holding to a total of 44.84 per cent of the Artagen equity.

In his letter to shareholders, Mr. Philip Walker, chairman of Sun Life, stresses that the 90p offer represents a 34 per cent increase on the market price of Artagen shares when the bid was announced on April 12. "You are being offered fair and full value for your shares and I repeat that there will be no further increase," he writes.

JEAVONS GOES TO PENTOS

Pentos, the industrial holding company headed by Mr. T. A. Slater, has gained control of Birmingham-based engineering group E. E. Jeavons. Pentos now has 54.5 per cent of the Ordinary shares.

Jeavons increased its offer for Pentos on June 8 to 57½p nominal of 15 per cent. Convertible Unsecured Loan Stock, 1985, against 50p, from 45p to 65p. The improved offer was also made available to holders of the Jeavons Board who up to that point had resisted the bid.

The 24 per cent stake in Jeavons held by Croda International was bought for 60p net per share. The loan stock offer remains open until July 9 while the cash option expires on June 25. First dealings in the new loan stock are expected to start to-day.

BURTON/LONSDALE

The Burton Group has concluded negotiations with Lonsdale Universal for the sale of the local Ryman operation in the North and Midlands. The purchase price is in the region of £450,000 and with the release of net current assets employed in these operations, the group realises approximately £800,000. Following a three month transition period, Lonsdale will cease to trade under the Ryman name.

This disposal represents less than 20 per cent of Ryman's turnover and does not include national accounts and other business dealt with by their London central operations.

CHRISTY BROS.

Mr. David Burn has resigned his directorship of Christy Bros., the electrical engineering company which made a loss of over £1m. in the financial year ended March 31, 1975. His brother, Mr. Malcolm Burn, is also to resign following completion of a £21,588 deal to sell the financial services division of Christy to Corporate Financial Services, a company controlled by Mr. Malcolm Burn. The purchase price represents the net tangible assets involved.

JONAS WOODHEAD

Jonas Woodhead, major suspension manufacturers, has bought Supra Automotive (Scotland) of Glasgow for a consideration of £72,000 cash and 70,000 Ordinary shares, worth at last night's price of 92p (unchanged) £64,400. The shares are in his name to Supra Group, the former parent.

Net assets of the acquisition were valued at £92,000 at November 30, 1975, and pre-tax profits for the financial year ending on that date was £39,300.

It is proposed to recommend a final dividend of 1.27293 pence per share net in respect of the year ended 31 March, 1976. This dividend, if approved, together with a first interim dividend in respect of the year ended 31 March, 1977, of 0.92707 pence per share net, will be paid on 1 January, 1977 to Shareholders whose names are recorded in the register at close of business on 22 November, 1976.

The Company's full Report & Accounts will be posted to Shareholders on 22 July, 1976.

The Annual General Meeting will be held on 19 August, 1976 at Millbank Tower, Millbank, London SW1.

A statement issued yesterday also stated that the programme for regaining a listing for Christy shares on the Stock Exchange was well advanced and that details would be forwarded to shareholders in the near future, together with the full report and accounts.

PERAK RIVER HYDRO

Acceptances of the offers made on behalf of Chenderoh Electricity, all of whose capital is beneficially owned by the Government of Malaysia) for the Ordinary and Preference capital of Perak River Hydro not beneficially owned by the Malaysian Government have been received in respect of 1,325,338 Ordinary shares and 276,042 Preference.

These represent 80.66 per cent, and 94.35 per cent, respectively of the shares for which the offers were made. The Malaysian Government beneficially held 1,257,501 Ordinary and 350,000 Preference prior to the offer and acquired a further 365,000 Ordinary shares during the offer. These holdings together with acceptances referred to represent 95.83 per cent of the Ordinary and 96.30 per cent of the Preference.

Cheques will be despatched within 14 days to holders who have accepted the offers. They have become unconditional and remain open.

WIGGINS TEAPE

Wiggins Teape, a subsidiary of British-American Tobacco, is taking over the goodwill and order book of Hollingsworth (Turkey Hill) which is some into voluntary liquidation. The amount paid by Wiggins Teape for Hollingsworth, which makes stationery used by the Queen and fingerprint paper for Scotland Yard, is not being disclosed.

A spokesman for Wiggins Teape stressed last night that the group was more taking over the trade names and that the names would in future be produced by Wiggins Teape's own factories. The Hollingsworth plant, which has produced paper since 1868, is to close down.

For Wiggins, the acquisition will mean an expansion of the company's high quality rag paper business. "Wiggins Teape is one of the few remaining companies in the world capable of producing pure rag qualities in the standards developed by Hollingsworth," a statement said.

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Jonas Woodhead, major suspension manufacturers, has bought Supra Automotive (Scotland) of Glasgow for a consideration of £72,000 cash and 70,000 Ordinary shares, worth at last night's price of 92p (unchanged) £64,400. The shares are in his name to Supra Group, the former parent.

Net assets of the acquisition were valued at £92,000 at November 30, 1975, and pre-tax profits for the financial year ending on that date was £39,300.

It is proposed to recommend a final dividend of 1.27293 pence per share net in respect of the year ended 31 March, 1976. This dividend, if approved, together with a first interim dividend in respect of the year ended 31 March, 1977, of 0.92707 pence per share net, will be paid on 1 January, 1977 to Shareholders whose names are recorded in the register at close of business on 22 November, 1976.

The Company's full Report & Accounts will be posted to Shareholders on 22 July, 1976.

The Annual General Meeting will be held on 19 August, 1976 at Millbank Tower, Millbank, London SW1.

Ozalid ready for upturn

THE PROCEEDS of the disposal of the holding in Imperial Chemical Industries, amounting to about £4.9m., together with bank facilities available, will enable Ozalid Group Holdings to finance the growth which should result from the expected upturn in world trade during 1976-77, states Mr. N. J. Kiely, chairman.

He warns, however, that the current year "will not be easy—in many instances for reasons totally beyond our control." Because the world economy is moving out of recession at differing rates he says it is difficult to gauge the speed at which the anticipated improvement will occur.

The inflation rate in the U.K. makes it difficult to even maintain the level of activity—working capital has been reduced by £2.4m. but it is still essential that price control regulations be modified, he adds.

The full benefit of the merger of Ozalid Co. and Nig Banda, the company's two major U.K. subsidiaries, will come in 1977 but economies and greater efficiency of the combined operation will improve profitability in the current year, says Mr. Kiely.

Particular attention has been paid to future expansion by the promotion of new products and products to new applications. As known, pre-tax profit in 1975 declined from £5.94m. to £5.14m. from turnover of £82.91m. (£79.76m.). The dividend is being kept at 3.5p net.

During the year Ozalid Company and Nig Banda, and their subsidiaries, experienced the effects of the recession, particularly in consumable supplies. Demand for drawing office reprographic products was substantially reduced by the contraction of manufacturing industry and division suffered as users reduced the scale of their operations to suit the lower level of business activity.

There has been considerable reinforcement in J. B. Broadley and capital expenditure has been cut to a minimum. Particular attention has been paid to the development of working capital to ensure the maximum positive cash flow while increasing concentration on the development of new products which are now starting for a cash consideration approach the production stage. He anticipates that some of these will play a large part in the future expansion of the company.

A source and application of funds statement shows an increase of £35,000 and £32,000 respectively.

CENTURY OILS PURCHASE

Century Oils Group announces that they have acquired, through a wholly-owned subsidiary Century Oils International, two companies in Belgium, starting for a cash consideration approach the production stage. He anticipates that some of these will play a large part in the future expansion of the company.

Combined pre-tax profits for 1975 and net assets at December 31 for the two companies were £35,000 and £32,000 respectively.

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R. H. COLE announces £2.5m. redevelopment plan of plastics compounding activities

In a letter to shareholders Mr. Peter Cole, the Chairman of R. H. Cole Limited, reports plans for the redevelopment of the plastics compounding activities carried on by Cole Plastics Limited and East Anglia Plastics Limited which involves the relocation of their production and warehousing facilities to a single site. Negotiations have been successfully concluded for the acquisition of a long term building lease on a prime site at Milton Keynes. It is anticipated that the new factory will be structurally completed by October, 1977 and in production by the end of that year. The factory will have an area of approximately 115,000 square feet, and an option has been taken on an adjoining site to cover further expansion when appropriate.

Plastics compounding is the most important group activity and accounted for about 45% of group turnover in 1975. The estimated cost of the project, allowing for inflation, is £2.5m. To finance the major proportion of this cost the Company has negotiated two facilities amounting to £2m. FCI has agreed to provide a 10 year term loan facility of £1m. and Midland Bank Limited, which will continue to support group working capital requirements on a normal overdraft basis, is also providing £1m. by way of a loan facility. Assistance in meeting the cost of servicing these loans will be provided by an Interest Relief Grant of £517,000 to be made by the Department of Industry under the "Accelerated Projects Scheme".

Mr. A. E. Lockhart will resign as Managing Director of Cole Plastics Limited and will join the Board of R. H. Cole Limited on 1st July, 1976 with special responsibility for co-ordinating all aspects of the redevelopment. Mr. T. S. Blunt, the present Sales Director, will succeed Mr. Lockhart as Managing Director of Cole Plastics Limited.

In his letter the Chairman expresses confidence in the future of the R. H. Cole Group's role in the plastics industry and that the facilities afforded by the new factory will enable Cole Plastics and East Anglia Plastics to realise their full potential in terms of both technology and market expansion.

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Entertainment Guide

William Dullforce reports on the survival of the Swedish monarchy

The squeezing of a throne



King Carl Gustaf with his Queen, the former Miss Sylvia Sagnerdahl from West Germany.

THE WEDDING of Carl XVI in a strictly formal and ceremonial sense. He is no longer responsible for initiating the inter-party discussions before the appointment of a Prime Minister and the formation of a government. He is no longer supreme commander of the armed forces. The Speech from the Throne at the opening of Parliament has been dropped: the Prime Minister presents his Government's programme. The weekly Privy Councils have been abolished and the King's signature is no longer required to enact laws passed by Parliament.

The decision to tax the King's private income has gone a long way to satisfy the egalitarian impulses within the Swedish establishment. Carl Gustaf is well off but by no means the richest man in Sweden. One Stockholm newspaper puts his taxable wealth at about Kr.6m. (£750,000), which is peanuts compared with the private fortunes of the British and Dutch royal families.

Nor is the Swedish King by comparison exceptionally costly for the State Treasury. He receives a tax-free State allowance of Kr.5.5m. (£682,500) a year, which is intended to cover his representational expenses. The salaries of his court officials and any allowances he may make to other members of his family, none of whom receives any support from public funds. The King does not have to account to the Treasury for the expenditure of this allowance, which is, however, audited by a private company.

The Swedish Treasury also pays just over Kr.1m. for the upkeep of that part of the furniture and other fittings in the King's palaces which are State property. There are eight royal palaces of which the King uses only three. They all function as museums in part or whole, and are maintained by State funds.

The King receives an additional annual tax-free payment of Kr.300,000 (£37,500) from the Treasury under a curious in-

teresting official custom.

clamour round the King's with modern Swedish social wedding and by the prominence beliefs given to it in the popular Press. To many Swedes, rather bewildered at the pace of social and political development over the past few years, the King represents a pole of stability, a link with a calmer, more easily understood past. Ironically, this conservatism or stabilising influence of the monarchy could even be in the advantage of the reformers in that at the same time as it reassures people of continuity, the monarchy in fact has no power to stop or even slow down reforms.

Even in a modern socialist State the role of the King must be as a national symbol of some kind. Even Social Democrats refer to him as the figurehead on the ship of State.

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THEATRES
CINEMAS
ART GALLERIES
CLUBS



"Better communications is handling a million holiday bookings a year without mistakes"

A slip-up when you're arranging something as complex as a foreign holiday isn't just a communications failure. It can mean a ruined summer for a customer.

Today, the tour operator relies largely on computerisation, and multi-copy continuous stationery - probably supplied by the Ozalid Group. Wherever better communications depend on making paperwork more efficient, you're likely to find Ozalid products at work. We produce and sell continuous stationery, multi-part sets and single forms; precision-printed to the highest standards, for customers all over the world. With research units in Britain, Switzerland and the USA, we mean to maintain our technical leadership. And with associates and subsidiaries in 17 countries, and over half of our turnover coming from overseas, we're well placed to help solve communications problems - wherever they are.

Ozalid: Basically, better communications

OZALID GROUP HOLDINGS LIMITED
Langdon Road, Loughton, Essex IG10 3TH.
Telephone: 01-508 5588



INTERNATIONAL COMPANY NEWS + EURO MARKETS

Rights
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ALLIANZ VERISHERUNGS AG said it proposed a 1975 dividend of DM9 (DM8.50) plus a DM1 bonus (same) on fully paid-up DM50 nominal shares and a DM4.50 dividend (DM4.25) with a DM0.50 bonus (same) for those partly paid-up. Reuter reports from Munich.

Allianz said it will raise its capital to DM312m. (DM282m.) by a one-for-10 rights issue at par.

Tokyo Marine ahead

TOKYO MARINE and Fire Insurance reports after tax profits of ¥15.03bn. for the year ended March 31 (¥14.54bn. in the preceding year) on gross sales of ¥275.47bn. (¥232.63bn.). The dividend is maintained at ¥5.50.

Alstom recovery

ALSTOM chairman Roger Schulz said the company is making an overall recovery and noted the importance of the planned merger with Chantiers de l'Atlantique.

The company earlier announced a net 1975 loss of Frs.115m. compared with Frs.13m. loss in 1974.

Schulz said business activity in the large equipment sector was generally steady last year, while units specialising in small and medium-sized equipment were severely affected by the economic crisis.

Despite uneven and moderate recovery in the small equipment sector since the beginning of 1976, the international economic situation is making exports of large equipment more difficult, he said.

The South African order last month for a nuclear power station from the Alstom/Framatome French consortium was, however, a large success for the company.

PUK still loss-making

THE PECHINEY Ugine Kuhlmann group continued to make losses in the opening months of this year because prices were slow to pick up, group president Philippe Thomas said.

He told the annual meeting consolidated results risk being unsatisfactory this year even if, as hoped, the recovery continues in the second half.

So far the recovery is moderate with sales in the first five months of the year 12 per cent. up on the same period last year.

Prices in some sectors such as aluminium have been rising in recent weeks, and 1978 results will depend on this trend continuing in the second half, Thomas said.

NORDIC GLASS MARKET

Pilkington faces merger

BY WILLIAM DUFFLORCE

ST. GOBAIN, the French conglomerate, and Granges, the Swedish heavy industry group, are merging their glass manufacturing interests in Scandinavia in a defensive move against Pilkington Brothers, whose new float glass plant at Halmsstad, Sweden, is scheduled to come on stream next month. The step is seen here as a prelude to a battle for the whole Nordic glass market.

Granges confirmed to-day that its Scanglas subsidiary, based at Korsør in Denmark, has been negotiating with the Swedish Emmaboda Glasbruk, in which St. Gobain has a 50 per cent. holding, and the Norwegian Drammen Glass Company, of which St. Gobain has 49 per cent. The three companies expect to form in September or October a holding company, in which St. Gobain will have a majority interest. A small minority holding would go to Norway's Christiania Glassmasiner, which owns 51 per cent. of the Drammen factory.

Pilkington's float glass plant, one of the biggest in the world and built at a cost of some £30m., will introduce heavy capacity into the Nordic flat glass market. When the project was first mooted in 1973, Pilkington offered participation to the Nordic producers. The offer was rejected because the Nordic producers say Pilkington made co-operation conditional on their closing down their own raw glass production.

St. Gobain, which produces float glass on the Continent under licence from Pilkington, raised its minority holding in Emmaboda Glasbruk to majority control with the blessing of the Swedish government. Similarly, it increased its holding in the Drammen factory to the 49 per cent. permitted by Norwegian law and bought control of a large Swedish wholesaler.



Pilkington's float glass in continuous ribbon

troubles, still has a capacity of about 30,000 tonnes. Moreover, traditionally some 30-40 per cent. of Nordic glass consumption has been imported.

The strength of the Scanglas Pilkington in the competition with Pilkington is that they are processors, while Pilkington produces only raw glass. Of the 220,000 tonnes of flat glass consumed in Scandinavia, some 100,000 tonnes go to the making of insulating glass, the bulk of which is made up by the three Scandinavian companies.

The Scandinavians accuse Pilkington of building up its share of the Nordic market to the traditional 30-40 per cent. import level by selling surplus production from its British plants at low prices, taking advantage of the successive devaluation of the pound. They believe, however, that the situation will change in their favour, when Pilkington tries to market the glass from its new Halmsstad plant.

The Nordic producers all lost money in 1974 and 1975. Scanglas, for instance, saw a 1973 pre-tax profit of Kr.21m. (£2.7m.) turn into losses of Kr.3m. in 1974 and Kr.13m. last year, while turnover declined from Kr.117m. to Kr.106m. However, the Scandinavians calculate that, despite the unit cost advantages enjoyed by its new Halmsstad plant, Pilkington will find it difficult to market its new glass without the advantage of the devalued pound.

The Scandinavians recognise that further rationalisation of their common production will be needed and this is one of the reasons for the merger. The situation in Finland is rather different. There Pilkington has been involved in the reorganisation

of the Lahti works, although the Scandinavians believe that ultimately the Finnish plant will close down its output of sheet glass.

Mr. Carl Erik Feinsilber, Scanglas chairman, underlined to-day that the merger with St. Gobain would be a defensive rather than an aggressive act. The Scandinavian producers recognise that Pilkington had come to stay in the Nordic market at the same time they have to co-operate to protect themselves.

Ken Gooding adds: Pilkington in the U.K. was willing to give only a very short, non-committal statement about the reports from Sweden, obviously taking the view that there is a long way to go before the talks between St. Gobain and Granges mature into anything more concrete. "These talks will make no difference to our investment in float glass at

Halmsstad," it stated.

Ironically, St. Gobain was for some time a likely partner for Pilkington in the Scandinavian project, but it pulled out after a disagreement about the timing. Pilkington insisted that the plant had to come on stream in 1976 while St. Gobain maintained that because of the recession in the two main customer industries—automotive and building—the project should be delayed until about 1978.

Behind Pilkington's major investment in Scandinavia is its conviction that eventually nearly all of the flat glass market will switch from sheet to "float" glass, following the pattern already set in the U.K. and the U.S.

Currently only 40 per cent. of the Scandinavian market is accounted for by "float," a process invented by Pilkington in 1952 which allows a high quality glass to be produced by "floating" molten glass over a bath of tin.

Nothing in the proposed St. Gobain-Granges deal will alter that seemingly inevitable change.

More important, from St. Gobain's viewpoint, is that as well as rationalisation of production, the distribution and processing of glass in Scandinavia would be strengthened by a tie-up with Granges.

According to St. Gobain, for example, it already accounts for between 40 and 50 per cent. of the Swedish distribution of flat glass.

The Pilkington Halmsstad plant will be capable of supplying 60 per cent. of the normal Scandinavian demand for "float." The tank was lit on June 8 which means it should be making glass within a few weeks.

Up to now Pilkington has supplied only 20 per cent. of the Scandinavian demand for "float" via exports from the U.K.

BMW to join the ranks

BY NICHOLAS COLCHESTER

BONN, June 22.

BMW, the successful West German motor car manufacturer, is to join the ranks of the multinational companies and set up manufacturing facilities overseas. The company announced to-day that it would finance an increase in its international activities with its first foreign bond issue—a Sw.Frs.100m. issue of BMW Overseas Enterprises NV, Willemstad (Curaçao).

The bond will carry a coupon of 6.25 per cent. and will have a maturity of 15 years. It will be issued at something under par.

exact details will first be made available at the beginning of the subscription period which will run from June 28 to July 1. Swiss bank corporation is managing the offering.

Speaking at a Press conference in Munich to-day, the chairman of BMW, Eberhard von Kuenheim, said that the company would increase its foreign activities markedly in the near future. It was likely, he said, that this expansion would include foreign manufacture of BMW cars, without which some markets were impenetrable.

AFTER THE GUIDELINES...

Multinationals play it cool on new rules

BY OUR INDUSTRIAL AND FOREIGN STAFF

MULTINATIONAL COMPANIES around the world yesterday made it clear that they felt they had little to fear from the new guidelines for behaviour recommended by the OECD, claiming that in most cases they were already conforming to the practices being advocated.

The main area where, according to most of the companies, changes may have to be made is over disclosure of information, particularly the suggested geographical breakdown of results. The evidence also suggests that the U.S., U.K. and Dutch multinationals probably come closer to the new requirements than their counterparts in France, Germany and Japan.

ICI, Britain's biggest industrial company, with roughly one-third of its assets outside the U.K., welcomed the new code which it described as "practical." BP and Shell, both of which have been criticised recently for payments made by subsidiaries abroad to political organisations, also welcomed the proposals. Among the recommendations in the code, observance of which is to be voluntary, is a restriction on payments to political parties, unless this is legally permissible.

ICI said yesterday that to conform to the code it would have to amend the information given in its annual report on geographical spending plans. At present the company lists U.K. and overseas spending separately, indicating some of the larger sums proposed for particular countries.

The company already gives a breakdown of sales and profit, however, by geographical region. In some parts of the world where there are outside shareholdings, the company also brings out separate annual reports.

Generally, ICI claims it will have to make very few changes in procedures it is already adopting.

Mr. Hugo Krajenhoff, chairman of Akzo, the Dutch-based multinational chemicals group, also "welcomed" the move, which he said his company had been pressing for some time.

"Perhaps the rules could finally remove the misunderstandings about and distrust of the multinational companies," he added.

Akzo, which generates around two-thirds of its near-Frs.100m. annual sales outside Holland, said that it did not expect the new guidelines to necessitate changes in its reporting. In Eindhoven, Philips, the Dutch-based electrical complex, would not give an immediate reaction to the OECD plans.

Akzo stressed, however, that the code would only make sense if the behaviour of all companies and related matters could be checked against the code. "An enterprise which has accepted the code will furthermore have to be able to appeal, for example to the OECD, to investigate the accuracy of such attacks," it added.

Although the guidelines are to be voluntary, Akzo added that it advocates a formalising of the rules by individual declarations by the multinational companies.

Mr. Harold S. Green of IIT

qualify as multinational; in there is also a much more cynical attitude towards bribes and related matters. The disclosure regulations at the OECD also go beyond anything obtaining here. The consolidation of accounts only recommended by the Bar Bourse Commission though it practices it, spreading.

It is, however, most zealous adhered to by companies with foreign quotes or major foreign shareholdings. One of the French-based multinationals, Michelin—which could not reach for comment to-day still discloses very little information and, with other similar concerns, makes no secret of a fact that it would like that state of affairs to continue.

Apart from welcoming a general tone of the recommendations, U.K. companies are pleased with the call for national governments to treat multinational companies on the same basis as domestic companies and not to show favour to the latter.

Japan is a part of the world where multinational companies have in the past felt themselves to be subject to discrimination in favour of Japanese concerns, though a deliberate policy of sponsoring domestic companies has also been adopted in some European countries, notably France. Britain's record in respect has been good though, measure of protection has been given to the computer industry and efforts are being made to steer North Sea oil supply away from British companies.

The equality of treatment proposal could also create problems for countries like Canada and Australia, where efforts have been made to ensure that locally-based companies can flourish and that the market is not dominated by subsidiaries of foreign-owned concerns.

It is also being pointed out that wider disclosure requirements could have the effect of equalising competition between companies, which are now relatively open and those that are restrictive. Japanese companies are not required under law to consolidate the results of their subsidiaries, making it difficult very often to obtain a full picture of their activities. By contrast very little information on the strengths and weaknesses of leading U.S. and some Continental companies is available to all competitors from annual reports.

BIS ANNUAL REPORT

Japanese debt tops the list in the international stakes

BY MARY CAMPBELL

THE ANNUAL REPORTS of the Bank for International Settlements (BIS)—the Basel-based "central bankers' central bank"—have been the last word in comment and statistics on the Euro market ever since a chapter specifically on the subject was first included in early 1960s.

Nowadays the title of the chapter is "The International Credit and Capital Markets," rather than "The Eurocurrency and Eurobond Markets," but, despite moving off its traditional Euro-limited territory to a global approach, the comment and statistics remain as authoritative as ever.

This year's annual report includes an update of a new statistical series which the BIS started to publish last February. Ever an institution to promote the publication of new statistics, even if the inadequacies of the data collection process mean that they should be used only with extreme care, the new series attempts to add up the total of all commercial banks' deposits from and lending to institutions and individuals resident in any single country.

Approached from the opposite end, the figures give a partial view, at least, of the extent to which any single country is a net supplier of funds to international banks world-wide or a net user of such funds from them. The table in the annual report

includes the positions of the foreign branches of U.S. banks in the Caribbean and the Far East. The figures in February had been limited to the positions of banks in the group of ten countries and Switzerland. This means unfortunately that no comparisons can be made as between one date and another.

Notable feature

The most notable feature of the figures, which relate to the end of last year, is the extent of the net indebtedness of Japan to the international banking community. Japan had deposits with banks overseas amounting to \$9.1bn. last December, but owed them \$31.9bn., giving a net debt of \$22.8bn. This is more than double the net debt of any other country.

Next highest in the net debt stakes was Brazil, with overseas deposits of \$4.1bn. and borrowing of \$14.8bn., its net debt was \$10.7bn. Mexico was close behind with a net debt of \$10.1bn., its deposits overseas being \$3.4bn. and its borrowing \$13.5bn. (In the case of Brazil and Mexico, position vis-à-vis Canadian and Swiss banks are not included.)

The extent to which Eastern European countries have been using international bank finance is also highlighted in the table. With deposits abroad of \$7.0bn. and borrowings of

\$22.3bn. Eastern European countries owed a net \$15.3bn. The USSR was by far the largest contributor with a net \$4.7bn. worth of borrowing outstanding last December (excluding position vis-à-vis Japanese and Swiss banks).

The statistics are particularly incomplete in the case of African countries. Whether significant or not, an interesting point in this part of the statistics is the fact that Namibia has been included this time round (with a net debt of \$7m.). It did not appear on the list at all previously.

Largest net borrowers in Asia were South Korea at \$2.1bn. and Indonesia at \$2.0bn. (positions vis-à-vis Swiss and Canadian banks not included).

Net suppliers of funds to the international banking community at the end of last year were the oil-producing countries with gross deposits of \$50.6bn. and net deposits of \$37.0bn.—and Switzerland with net deposits with international banks amounting to \$42.3bn.

A major development in the international credit market over the last 10 years has been the extent to which industrialised countries were net borrowers from the market. At the extreme net external position of banks in the U.S. changed from \$14bn. of liabilities to \$1bn. of assets.

The improvement in the current account of the main industrial countries had its counterpart in the declining surpluses of the oil exporters, and the substantial increase in the deficits of the non-oil less-developed countries and the Eastern European countries.

The Bank for International Settlements estimates that the overall size of the market worldwide grew by nearly \$400bn. in 1975. This made it the sixth largest of inter-bank business. The estimated total net indebtedness of the market rose by about \$28bn. to \$285bn.

The use of the "net" figure as the yardstick for the growth of the market underlines the increase in activity, however since inter-bank business accelerated sharply. The previous year—the year of the Herstatt crisis—there had been a fall in outstanding international inter-bank positions.

The long-term end of the market was particularly active and the BIS notes that 1975 saw a record level of activity in the international bond market. The total volume of international bond issues reached \$22bn. up from \$12bn. in 1974. Eurobond accounted for \$10.3bn. of the total, and foreign bonds for \$11.7bn. Foreign bond issues to the U.S. reached \$6.7bn. up from \$3.6bn. in 1974 and \$1.5bn. in 1973.

The report also highlights the trend towards diversification of the international function of the traditional centres of Europe and to other parts of the world. The increased importance of the U.S. foreign bond market noted above, is one aspect of this. Another is the fall in London's share of the European sector of the market by 15 per cent. to 47.5 per cent. of total business contracted in Europe.

The fall was mainly attributable, the BIS says, to the concentration of the new international business of U.S. banks in their branches in the Caribbean and the Far East. Whereas the assets of U.S. banks' branches in the Bahamas and the Cayman Islands rose by 44 per cent. in 1975, it notes, the corresponding figure for U.S. branches in London was 14 per cent.

Another point of note was the \$280bn. (net of double-counting) of inter-bank business in the world. The estimated total net indebtedness of the market rose by about \$28bn. to \$285bn.

Strong fertiliser demand helps Kemira

BY LANCE KEYWORTH

HELSINKI, June 22.

KEMIRA OY increased its turnover by 24 per cent. to 1.41m. tons. Fmk.1.58bn. (€202m.) at the time was the strong demand for December 1975 exchange rate for fertilisers that saved the situation in 1976. This made it the sixth largest industrial company in what is now Finland. Kemira is state-owned public enterprise. For the year, Kemira produced a wide range of products (titanium dioxide and chemical goods, such as sulphuric acid, ferrous sulphate, etc.) as well as acid fertilisers, titanium dioxide, and viscose staple fibres.

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Another point of note was the \$280bn. (net of double-counting) of inter-bank business in the world. The estimated total net indebtedness of the market rose by about \$28bn. to \$285bn.

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This advertisement appears as a matter of record only

RoyNat Ltd.

(Incorporated by Letters Patent under the Canada Corporations Act)

Can. \$20,000,000

9½% Secured Notes Series Q 1981

Wood Gundy Limited

Credit Suisse White Weld Limited

Kredietbank S.A. Luxembourgeoise

Union Bank of Switzerland (Securities) Limited

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Orion Bank Limited

Alahli Bank of Kuwait (S.S.C.)

Algemeine Bank Nederland N.V.

A. E. Ames & Co.

Amsterdam-Rotterdam Bank N.V.

Arab Finance Corporation S.A.L.

Aspire & Co.

Bache Halsey Stuart Inc.

Julius Baer International

Banca Commerciale Italiana

Banca del Gottardo

Banca Nazionale del Lavoro

Banca di Roma

Banca di Santo Spirito

Bank of America International

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Banque Worms

Banque Louis-Dreyfus

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Banque de Neufville, Schlumberger, Mallet

Banque Worms

Banque de Paris et des Pays-Bas

Banque Populaire Suisse S.A.

Banque Worms

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Berliner Handels- und Bankverein

Blyth Eastman Dillon & Co. International

Blyth Eastman Dillon & Co. International

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Capitalin Internationale S.p.A.

Christiana Bank og Kreditkasse

Commerzbank

Citicorp International Bank

Compagnia Finanziaria Interbancaria S.p.A.

Continental Illinois

Commerzbank

Crédit Commercial de France

Crédit Général S.A. de Banque

Crédit Industriel d'Alsace et de Lorraine S.A.

Crédit Lyonnais

Crédit Industriel et Commercial

Crédit Lyonnais

Crédit Industriel d'Alsace et de Lorraine S.A.

Crédit Lyonnais

Crédito Italiano

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Hessische Landesbank

E. F. Huxton & Co. N.V.

IBJ International

International Marine Banking Co.

Intervention-Banque

Istituto Bancario San Paolo di Torino

Kitcat & Aitken

Kjebenhavn Handelsbank

Kleinwort, Benson

Kreditbank N.V.

Kuhn, Loeb & Co. International

Kuwait Foreign Trading Contracting & Investment Co. (S.A.E.)

Kuwait Investment Company (S.A.E.)

TENNIS BY JOHN BARRETT

Smooth launch for the top women players

THE THREE top women's seeds played smoothly off the launch at Wimbledon yesterday. The 24-year-old Dutch girl once held up her hands in mock surrender as a smash flew past her, she mounted a firm counterattack to take the first set 6-3. The Dutch girl, Miss Evert, the No. 1, swiftly dispatched a fellow American, Miss Rupert Thomas 6-1, 6-1, and seeded Evonne Cawley, who needed only two games to get the measure of her opponent, who is ranked 40th among American women.

More demanding

For stream of unforced errors, the top seed on her way to Miss Evert's mercilessly made dropshots and lobs had a match wrapped in 53 minutes.

Though Mrs. Cawley spent a long time on the Centre Court, she was on level pegging with the No. 3 seed for five games, then Miss Wade struck for the vital service break and the set was hers in 27 minutes. But it was not without a couple of those moments of Wade's aberration without which no Wimbledon would seem normal, and

Fierce heat

Although Miss Tyler rarely ventured beyond the base line, she was on level pegging with the No. 3 seed for five games, then Miss Wade struck for the vital service break and the set was hers in 27 minutes. But it was not without a couple of those moments of Wade's aberration without which no Wimbledon would seem normal, and



Long socks and a necklace add to Miss Nastase's style at Wimbledon. He beat Z. Frantlovič 6-1, 7-5, 6-3.

which had her lecturing herself in heated fashion.

Miss Wade, though suffering two service losses in the second set, was always in command. Twice at important moments she broke Miss Tyler to love and ran out a worthy winner.

On a day of fierce heat in which many spectators fanned around the outside courts, the men's second, third and fourth seeds all had easy second round victories, although defending champion, Arthur Ashe, was involved in a tough contest against the Australian, Allan Stone.

Ashe lost the second set on a tie break after winning the first 7-5.

Both events

But Mark Cox ensured that Britain's afternoon in the men's event was not entirely barren by putting out Antonio Munoz of Spain 6-4, 6-3, 6-4.

Finally, that master of brinkmanship, Adriano Panatta, the Italian holder of the Rome and Paris titles who won both events after surviving a stream of match points, was in trouble again yesterday against an overweight Australian schoolteacher, Dale Coltings.

Panatta eventually won 6-7, 3-6, 6-6, 6-1, but Coltings was serving for the match at 5-4 in the fourth set and not within two points of what would have been a famous victory.

Teachers press for jobs

by Michael Dixon, Education Correspondent

REE unions decided yesterday to put pressure on Mr. Fredley, Education Secretary to leave the shortage of jobs for retrained teachers.

The National Union of Teachers, the National Association of Teachers in Higher and Other Education and the National Union of Students have agreed for extra jobs to be created, but without noticeable effect. Now they have agreed combined action, including a test to the Education Secretary to meet a joint deputation.

"We will seek more jobs for retrained teachers and an assurance from Mr. Mulley that he is doing everything he can in this direction," said a spokesman for the National Union of Teachers.

Upturn in steel production

BY ADRIAN HAMILTON

FURTHER EVIDENCE of the pace of the industrial recovery in the West has been provided by the latest figures of world steel production published by the International Iron and Steel Institute in Brussels.

According to the figures for May, there was an increase of 12.9 per cent in the overall production of steel by the institute's members compared to May of last year, with the U.S. and Europe (France, the U.K. and West Germany in particular) leading the way.

Total production in the month was 39.3m. tonnes for all members. U.K. production, up nearly 40 per cent on the year, was just over 2m. tonnes; U.S. production, at 11m. tonnes, was 23 per cent up on the same month last year.

Of the main steel producing countries only Japan, with an output of 8.6m. tonnes last month, and Canada, with a production of 1.1m. tonnes, showed any fall on the year.

What is interesting, and in some ways disturbing, about the recent steel production figures is how closely they follow the pattern experienced in 1972, just before the last boom when demand strained supplies, prices rocketed and the world trade expansion finally plunged two years later into one of the worst recessions since the war.

In this case, May production has now almost reached the peak of the boom, with the U.S. and Europe (France, the U.K. and West Germany in particular) leading the way.

The picture clearly varies from area to area. The U.S., as could be expected from its economic growth at the moment, is sustaining the fastest recovery. But the EEC, at some 12m. tonnes of production in May and 58m. tonnes during the first five months of the year, is also showing strong recovery.

Royal production by the institute's members, at 194m. tonnes during the first five months, is now only 1 per cent below the same period last year, after drops of over 10 per cent on the year in the first months.

The institute represents 29 countries, accounting for nearly 68 per cent of world steel production and around 98 per cent of production outside the Communist areas.

Sporting look at weather

BBC RADIO begins a comprehensive daily weather forecast broadcast on July 6 on Radio 3.

In addition to giving general forecasts for that day and the following days, it will specially interest those involved in sport and yachting or going on holiday.

The daily four-minute report will be given direct from the London Weather Centre on the medium wave (484 metres) at 5.55 a.m. Monday to Friday and 7.55 a.m. Saturdays and Sundays. It will begin with a synopsis of the day's weather, in semi-technical language, followed by a regional land area forecast for the whole of the U.K. There will be a forecast for inland waters, with emphasis on areas where sailing and boating are popular and a forecast for places where there are big sporting events. Finally, the outlook for the following night, and further outlook over the next two days.

Labour party probe call

AN INVESTIGATION is being called for into allegations of undue Left-wing bias in the constituency Labour Party at Ilkeston, Derbyshire.

The application is from Ilkeston Independent Labour Party, formed two weeks ago by 26 past or present members of the constituency party. The independent secretary, Mr. John Beecham, said yesterday: "We are most concerned about the undue influence of a small group of Marxists and Trotskyites in the local party."

Mr. Peter Griffiths, the constituency party secretary, said: "This is sour grapes from people who stood independent of Labour and were beaten in the local election."

Sport centre has to shut

THE Wirrins stadium, a sport and leisure complex on the banks of the River Nene at Peterborough, is closing this week. Staff were told yesterday that there was insufficient money to carry on.

The centre was built in 1966 at a cost of £150,000. A Board of Trustees was set up to manage the stadium, which became a registered charity.

Stamps mark U.K. culture

A SET of four stamps to be issued by the Post Office on August 4 concerns cultural traditions. The stamps will be in values of 8p, 10p, 11p and 13p.

The 8p and 13p stamps are devoted to the Royal National Elstedsford, which in Cardigan in August celebrates its 800th anniversary. The other stamps mark Highland Gatherings and Morris dancing. All four have been designed by Marjorie Saynor.

More M5

A FURTHER three-mile section of the M5 motorway between Sampford Peverell and Cullompton will open on July 3, the Environment Department said yesterday.

This will leave just a nine-mile stretch of the M5 to be completed near the Devon-Somerset border.



KLÖCKNER-WERKE AG, Duisburg, Germany (Iron and Steel, Engineering)

SUCCESS IN MANUFACTURING AND IMPROVED MARKET ORIENTATION OFFSET STEEL RECESSION

The Annual General Meeting of KLÖCKNER-WERKE AG was held in Duisburg on May 6, 1976, and the following are details of the report presented by the Board of Management.

Like its free world competitors, the German steel industry experienced in the past year the sharpest fall in demand and revenue in recent history. Western crude steel output had to be cut back by 20 per cent, roughly corresponding to the annual production of the U.K., France and Belgium put together. Among the main causes was the almost simultaneous onset of economic recession in the Western industrial countries, accelerated by earlier restrictive measures designed to combat the steep price inflation and foreign trade deficits. The oil price escalation severely affected the balance of payments of developing countries without their own oil resources, and some traditional export markets were thus largely eliminated.

At it had in the boom years become increasingly dependent on exports, the German steel industry was especially hard hit by the slump. Export orders fell by 37 per cent below the level for 1974.

The home market fared no better, showing a steep reduction in steel consumption, a run down of stocks and aggressive marketing by importers. More dramatic even than in volume terms was the effect of the market collapse on revenue: by the summer of 1975 the export prices of some products had fallen to less than half the peak levels of 1974.

In the early part of 1974/75 KLÖCKNER-WERKE was still able to step up production reflecting the healthy order book. Then, however, in response to the steep fall in orders for rolled steel, output had to be cut back from quarter to quarter. Altogether KLÖCKNER-WERKE produced in 1974/75 2,639,000 tons of pig iron, 15.1 per cent less than in the preceding year, 3,288,000 tons of crude steel (—9.6 per cent.) and 2,853,000 tons of rolled steel (—16.2 per cent.). As German rolled steel production fell on average even more, the company's share in the output of rolled steel finished products rose from 7.7 per cent to 8 per cent.

The past year's recession has demonstrated the importance of the measures taken in recent years to make the company more resistant to economic setbacks. The investment programme at Hütte Bremen, now largely complete, enables higher value products to be manufactured which are proving much more competitive on the international steel markets.

At DM 3,386m, external Group turnover for 1974/75 including participations showed little change compared with the previous trading year. In the iron and steel producing sector turnover fell by 7 per cent, while that of the manufacturing sector advanced by 14.5 per cent. Home sales of manufactured products rose by 8.2 per cent, but exports by over 21 per cent. Demand for export share of Group turnover declined to 34 per cent from 36 per cent in the year before, mainly reflecting the lower price levels and reduced sales of rolled steel abroad.

External turnover was about maintained because the new facilities of Hütte Bremen were not fully operative in 1974/75, and iron and steel sales, in the first half of the year under review, were held at the previous year's level, falling by some 17 per cent, only in the second half. The manufacturing sector, on the other hand, profited from special factors and its turnover, especially in engineering, offset the decline in rolled steel sales. The manufacturing share of total external turnover consequently climbed to 38.5 per cent.

In November 1974 Hütte Bremen achieved its crude steel output record date with almost 250,000 tons, following the elimination of the teething troubles that had attended the introduction of the new installations. But subsequently the upturn was suddenly reversed by the sharp worldwide fall in rolled steel orders; compared with the first with the fourth quarter of the 1974/75 trading year, crude steel production contracted by 28 per cent. Short time working had to be introduced in almost all parts of the steel plant.

As producer of special and high quality steels Georgsmarienhütte was far less affected by the recession and did not have to curtail production until the trading year's final quarter. With open hearth steel output about unchanged, the mill produced 5.4 per cent more rolled steel than in the previous year owing to the supplies provided by the KV experimental steel works and by outside purchases.

The Haspe mill, however, suffered particularly from the poor business conditions and since February 1975 the operation of both rolling mill strands had to be reduced each month by short time working.

In the sheet and plate sector the fall in orders affected all products of Hütte Bremen; the order intake declined by 25 per cent, and the previous year's level of 20 per cent. Demand for sheet from the car industry did not revive until the end of the trading year and was unable to offset the slump in business with other sheet users. The market for hot rolled wide strip was additionally disrupted by massive Japanese exports.

But for concerted efforts to switch deliveries to higher quality products would have been even lower. Thus, deliveries of pipeline material were stepped up, this being a product with promising long term sales potential, for which the new wide strip hot rolling mill is particularly suited.

Georgsmarienhütte still managed to deliver 2 per cent more section steel products than the previous year's high figure. Further benefit was derived from the specialisation on high value alloy and special steels, with deliveries of special steel rising 12 per cent. The Haspe works, however, shipped 36 per cent less section steel; exports of wire rods were particularly hard hit.

The business of the associate Hambroger Stahlwerke developed unfavourably in line with the steel industry in general. Although the decline in production and deliveries was held within reasonable limits, the plant suffered severely from the collapse of export prices. Korf Engineering, in which KLÖCKNER-WERKE has had an interest since 1972, had a good trading year. At end-September 1975 the company, which is active in the planning, manufacture and sales of Hütte direct reduction plant as licensee of Midrex Corporation, Charlotte, N.C., U.S.A., and of turnkey steel works and rolling mills, had an order book worth some DM 400m.

The ore handling subsidiary Westport, Bremerhaven, was unable to equal the previous year's performance, reflecting the sharp fall in pig iron output.

Manufacturing Activities

The Osnabrück works recorded in the year under review a strong turnover expansion, based on higher revenue yielding resulting from further quality improvements and more extensive processing. Weaker business in drop forgings was offset by demand from electrical machinery and industrial plant producers. The engine construction sector continued to provide good business and steel castings benefited from more extensive manufacturing and higher unit weights. The pressure vessel division did not reach the previous year's figure, reflecting the smaller demand from the oil and petro-chemical industries.

Alnastadt-Werke took in 13 per cent fewer orders than in

1973/74, but was unaffected by the slump in the rolled steel market. Export demand showed a sharp fall, following a 60 per cent rise in orders from non-ECSC countries in the previous year. Deliveries declined only marginally as a result of the large order volume on hand, including some major export contracts.

Production and deliveries of Vertriebsgesellschaft declined in 1975 by 26 per cent, compared with 1974. Turnover fell by 28 per cent, and the export share receded to 26 per cent, from 28 per cent. The concentration of production and thorough rationalisation decided in 1974 are having favourable results, with the full effects expected in the current trading year.

At Klöckner-Irronit, the worldwide revival of coal mining and consequent demand for mining machinery and equipment led to a turnover expansion of 43 per cent. The export share advanced to 31 per cent from 25 per cent. Business in the hydraulic and machinery divisions also grew appreciably. The overall order intake again exceeded turnover.

Both the South African and U.S. associate companies had a very successful business year.

The decline in sales of plant installations and in contract work prevented Klöckner-Irronit from reaching the previous year's turnover figure, but new areas of application in the machinery, mining and motor industries will produce future benefits. Ironitriding plants were delivered for the first time to Spain, Austria and Rumania. A particular success in plant business are the contracts for the new 450 kW installations at major car and forry factories in the USSR. Klöckner-Irronit in Japan made good progress, securing several ironitriding installations and enlarging its contract activities.

Other Product Sectors

In the quarry product sector, Klöckner Durilit gave up the manufacture of prefabricated building components to concentrate on raw material production and processing, and on the manufacture of general concrete products. Despite the recession in the building industry, capacity employment was maintained at a satisfactory level.

With an output of 780m. kwh the large Raurzel power station produced much less electricity than in the previous year. The station is linked to the general power grid which last year for the first time in a long period failed to record an increase in demand. In the plastic sector, the progress of Klöckner-Pentaplast was temporarily slowed down by the fall in demand at the beginning of the trading year and by stiffer regulations relating to vinyl chloride residues. Turnover declined by 20 per cent, but the company enlarged its share of hard PVC foil exports from Germany from 18 per cent to 26 per cent, by gaining new markets in Eastern Europe, Middle East and Africa. The PVC residue problem was eventually solved and the Klöckner-Pentaplast foil is approved worldwide for food packaging. New foil types were developed for various technical and industrial purposes. Klöckner-Pentaplast, which carries out Pentaplast's contract packaging, integrated in 1974/75 the domestic and foreign contract packaging activities into the Group and stepped up its turnover.

Klöckner-Dowty had a satisfactory trading year; although there was less demand for standard seals, business expanded in special seals.

Investments

In 1974/75 KLÖCKNER-WERKE made additions to fixed assets totalling DM 244m, and depreciations of DM 135m. The extension of the installations at Hütte Bremen to raise crude steel output to 3.5m. tons per year was completed. As part of the efforts to raise quality, a hot strip tempering stand was built to improve the surface and leanness of hot coil. It is the first such installation in Europe, capable of finishing hot strip to the width ordered in one working process. Two Stelmor installations were commissioned at the two-strand wire mill of the Haspe works to increase productivity and widen the quality range. About 20 per cent of the capital expenditure of over DM 60m, decided in the second half of 1974/75, concerns environmental protection.

Results and Prospects

The drastic slump in orders for rolled steel products resulted in the year under review in the inadequate utilisation of capacity in the steel sector. Together with the sharp decline in price levels, especially in export markets, and further unabated cost increases the financial results of the steel sector were markedly worse than in the preceding year.

The manufacturing sector, on the other hand, again earned substantially higher profits, due to better capacity utilisation as well as improved revenue yields. The profit from the manufacturing side and other factors, notably the adaptation of depreciations and additions and disposals of fixed assets, managed to offset the losses incurred by the steel sector. In this situation a dividend could have been distributed only from non-trading sources. In view of the severity and duration of the 1975 steel crisis, however, the Supervisory and Management Boards decided, in the interest of the Group's internal financial health, not to distribute a dividend not generated by current trading. Accordingly, the Board proposed to carry forward the balance sheet profit of DM 33,957.

Over the recent months the demand for rolled steel has once more shown an upturn, but given the depth of the earlier recession it will be some time before earnings and capacity utilisation again reach satisfactory levels, assuming that the revival persists. In the first five months of the current business year, rolled steel orders rose by 23 per cent compared with the second half of 1974/75, but were still 15 per cent lower than in 1973/74. The overall order book rose by 40 per cent in the first five months of 1975/76, but was still about a quarter below the level of September 1974.

Although in the first months of the current year not all the engineering activities were able to maintain their high utilisation, the manufacturing sector again made up for the still unsatisfactory situation in steel making. In the short term the Company expects only a gradual recovery of the rolled steel market and satisfactory capacity utilisation not before the end of the business year. It is confident, however, that last year's market collapse was no more than a temporary interruption of the long-term growth trend.

With its widest production facilities KLÖCKNER-WERKE is able to concentrate on those products which have gained in importance in the structural changes in the world economy. The report, the accounts and the proposals put forward by the Board were adopted.

Supervisory Board (Aufsichtsrat)

Dr. Franz Meyers, Mönchengladbach, Chairman; Hans Meyer, Dreieichenhain, Dr. Frankfort, 1st Deputy Chairman; Dr. Alfred Herrhausen, Solingen-Obbils, 2nd Deputy Chairman, and 18 members.

Board of Management (Vorstand)

Dr. Herbert Gienow, Hesel, Chairman; Prof. Dr.-Ing. Ludwig von Bogdandy, Oberhausen-Sterkrade; Günter Feiler, Hagen; Dr. Joachim Harms, Mülheim (Ruhr)-Speldorf; Dr.-Ing. Josef Mennen, Meerbusch; Karl Sinkovic, Essen-Bredene.

BALANCE SHEET AS AT SEPTEMBER 30, 1975			
	DM	DM	ASSETS
			DM
I. Share Capital		347,000,000	
II. General Reserve Fund	29,307,240		
(1) Statutory Reserve	178,094,000		
(2) Voluntary Reserve		229,367,240	
III. Appropriation to Reserves under section 26 of the Income Tax Law, Sect. 19, Coal Ind. Adm. Act	32,726,080		
IV. Profit Reserve	1,000,000		
V. Adjustment on Current Assets	3,241,000		
VI. Provisions			
(1) Pensions	168,000,000		
(2) Others	192,274,132		
VII. Loans with terms of 4 years or more		261,674,132	
VIII. Other creditors		1,109,248,171	
IX. Liabilities and Services rendered	176,921,021		
(1) Bills of exchange	39,477,514		
(2) Banks	54,932,500		
(3) Trade payables	21,802,512		
(4) Associated Companies	97,186,554		
(5) Miscellaneous	89,482,513		
X. Profit		521,674,825	
		336,967	
		3,617,630,523	
I. Fixed Assets			
(1) Property			
(2) Land and Buildings			128,342,965
(3) Plant and Machinery			1,112,197,775
(4) Plant under Construction and preparation			61,892,148
(5) Other			1,612,431,909
II. Financial			
(1) Participations			143,712,339
(2) Loans with terms of 4 years or more			44,479,356
(3) Other			7,082,519
III. Current Assets			
(1) Materials			129,834,896
(2) Finished and Semi-Finished products			326,251,426
(3) Other Current Assets			2,944,236
(4) Goods and Services supplied			252,828,468
(5) Bills and exchange			2,374,706
(6) Cheques			1,332,717
(7) Cash and Bank Balances			1,710,166
(8) Securities			1,332,717
(9) Claims on Associated Companies			38,842,132
(10) Miscellaneous			66,614,675
IV. Transitory items			548,332,811
			11,770,892
			2,607,630,521
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING SEPTEMBER 30, 1975			
	DM	DM	RECEIPTS
			DM
1. Net Trading Profit	197,173		197,173
2. Net Income from Participations	863,788,388		1,053,788,388
3. Other Investments	33,183,704		18,353,372
4. Disposal of Assets	11,468,896		24,392,657
5. Income from Global Value Adjustments from	63,335,455		47,660,515
6. Debtors	1,334,900		7,082,519
7. Miscellaneous Income	51,994,258		66,547,353
NET PROFIT	1,187,748,458	1,187,748,458	1,187,748,458
Profit brought forward			440,841
			1,187,748,458

Harrisons & Crosfield

In his Statement circulated with the Accounts for the year ended 31st December 1975, Mr. J. F. E. Gilchrist, O.B.E., the Chairman reports:—

Successful Rights Issue of 1,587,332 Ordinary Shares bringing in £10.4m (net)

Profits attributable to Ordinary Shareholders 11½% above forecast in October 1975 at time of Rights Issue

Record dividend

Scrip Issue to Ordinary Shareholders on 1 for 1 basis

Backed by its strong financial position the Group continues to progress. Current trading is satisfactory.

SUMMARY OF RESULTS YEAR ENDED 31ST DECEMBER 1975	
Turnover	£390,000,000
Group profit before interest and tax	£14,955,560
Profit after tax attributable to Ordinary Shareholders	£4,983,339
Earnings per share	73.9p
Ordinary dividend per share	29p
Profits retained in the business	£2,840,441

Copies of the Report and Accounts are available on application to Transfer Department, Harrisons & Crosfield, Ltd., 1-4 Great Tower Street, London EC3A 5LB

BUSINESS OF THE GROUP
Secretaries and Agents of Plantation Companies; General Merchants, Importers and Exporters; Shipping and Insurance; Production of Logs and distribution of Timber; Manufacturers and Processors of Industrial Raw Materials, Chemicals and Rubber and Engineering Products; Investment and Finance



not include \$ premium, which are in force unless otherwise shown in last column of all expenses. Offered prices b Today's price c Value price d Estimated price e Distribution free of L.K. tax f Includes all expenses g Taxation h Offered price included i Bought through manager j Price * Net of tax on realty unless indicated by @ * therein appended ‡ Single premium

MINES—Continued

Stock	Type	Price
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[illegible]

O.F.S.

200	57	F. Scouring 20	113.4			0.3
200	57	F. Scouring 20	170	+5	20c	1.0
465	295	Harmort, 50c	390	-10	Q65c	0.5
195	70	Lacram R1	120			0.5
1284	950	Pres. Strand 50c	1234			1.3
113	70	Pres. Strand 50c	770	+15	Q155c	1.2
1284	950	Pres. Strand 50c	1234			1.3
174	86	Unl. c	120	-2	Q150c	1.2
330	20	Wellton 50c	250	+5	Q155c	1.7
125	14	W. Holdings 50c	128		Q475c	1.2

FRANCE		
Am. Coal Soc.	470	+30
Am. Coal Soc.	225	

378	633	And. And. And. 10	325	-5	1.9
379	634	And. And. And. 10	326	-5	1.9
380	635	And. And. And. 10	327	-5	1.9
381	636	And. And. And. 10	328	-5	1.9
382	637	And. And. And. 10	329	-5	1.9
383	638	And. And. And. 10	330	-5	1.9
384	639	And. And. And. 10	331	-5	1.9
385	640	And. And. And. 10	332	-5	1.9
386	641	And. And. And. 10	333	-5	1.9
387	642	And. And. And. 10	334	-5	1.9
388	643	And. And. And. 10	335	-5	1.9
389	644	And. And. And. 10	336	-5	1.9
390	645	And. And. And. 10	337	-5	1.9
391	646	And. And. And. 10	338	-5	1.9
392	647	And. And. And. 10	339	-5	1.9
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394	649	And. And. And. 10	341	-5	1.9
395	650	And. And. And. 10	342	-5	1.9
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397	652	And. And. And. 10	344	-5	1.9
398	653	And. And. And. 10	345	-5	1.9
399	654	And. And. And. 10	346	-5	1.9
400	655	And. And. And. 10	347	-5	1.9
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409	664	And. And. And. 10	356	-5	1.9
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412	667	And. And. And. 10	359	-5	1.9
413	668	And. And. And. 10	360	-5	1.9
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417	672	And. And. And. 10	364	-5	1.9
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420	675	And. And. And. 10	367	-5	1.9
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425	680	And. And. And. 10	372	-5	1.9
426	681	And. And. And. 10	373	-5	1.9
427	682	And. And. And. 10	374	-5	1.9
428	683	And. And. And. 10	375	-5	1.9
429	684	And. And. And. 10	376	-5	1.9
430	685	And. And. And. 10	377	-5	1.9
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433	688	And. And. And. 10	380	-5	1.9
434	689	And. And. And. 10	381	-5	1.9
435	690	And. And. And. 10	382	-5	1.9
436	691	And. And. And. 10	383	-5	1.9
437	692	And. And. And. 10	384	-5	1.9
438	693	And. And. And. 10	385	-5	1.9
439	694	And. And. And. 10	386	-5	1.9
440	695	And. And. And. 10	387	-5	1.9

Short-Cycle 4-1/2" x 4-1/2" x 4-1/2" ...	110	+1
Long-Cycle 4-1/2" x 4-1/2" x 4-1/2" ...	112	.
and Seismic on 80s	110	-1

52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510																																																																																																														
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Relo-Arr. In: 56:	1221:	
Chen: 221: 59: 10:	1040:	+2
Room: 1: 5:	227:	+4

614	850	De 40yr Pl 2c	900	2000c	9	13.0
128	69	Leadenite 12c	100	10c 9c	1.5	1.0
207	108	Pl. Mat. 3c 2c	162	+2	10c 5c	1.0
169	90	Truon Plat. 10c	154		10c 9c	1.0
276	98	Wastrel 5c	258	+2	10c 2c	1.0

CENTRAL AFRICAN

165	70	Ceremon 5c	85	204c	2.1	1.5
137	85	Falcen Rn. 5c	105	1035c	1.5	1.0
19	11	Pinedn (Am. 10c)	11	0.5c	6.0	7.0

an Cons. Rd	180
anyville Sup	142d
Prof. B'n	68

48	25	Wambol of 1811	28	100	13.00
46	24	Zam.Cp. 28.04.23	29	Que	32.72

AUSTRALIAN

26	18	Ames, 25	22		
215	132	A.M. and 59	145	Q7	
203	143	Wambol 1811	188	Q10C	
73	30	A.L. P. 100.11.11	40		
82	38	Wambol 1811	70	1.18	42

Trans Ex. Svc.	86	+7
Transp. 20k	15
U.S. Mfrs. Svc.	272	-3

[illegible]

Alma 10c	7
St. Mining 50c	192	-1
Im Crest 20c	85	

TINS			
45	28	Amal Sharma	40
265	160	Ayer Hinton	27
300	17	Berish Tina	25
405	313	Borjounat Smit	39
18	13	Br Lank-10p	15
240	155	Decon	225
14	10	Goldie Bae-12p	10
230	170	Korpan-C004	225

agkone	78
10p	67	..
13m	71

42	31	Kamarrung 15 th	36	-1	\$7.0	1.2	+
245	138	Killinghall	245		Q50.0	0	20.4
177	147	London Tn Up	177	+2	\$7.47	0	6.5
228	168	Malay Dredging	200		10.7	2.0	8.2
35	20	Pahang	27 th		\$22.0	0	3
98	50	Pengkalan 10 th	145		\$7.0	1.5	+
122	50	Pesahan 34	137		11.5	0	1.5
43	19	Saint Peter	36				
100	64	Semb Kinta 10 th	76		\$9.5	1.5	+
193	105	Sihm. Melan	168	-2	10.7	0.9	9.8
45	31	Sungei Besi 20 th	42				

Wei Way SMI	30	-2
Yang 15p	47
Wen Htr. SMI	43

109	58	French	106	-2	4.29	2.0	6.2
COPPER							
85	42	Botswana RST 7c	53
335	170	Messina RD 50	265	+5	10.35c	1.9	7.8
MISCELLANEOUS							
10	8	Burma Mues 17-sp.	9	...	0.1	6	1.8
391	23	Charterhall Sp	27

S. March 10c ..	870	+20
April	40	-1
Wholesale ..	360	-10

239	178	R.T.Z.	218	+3	5.42	2.1	3.8
115	84	Sophonia Ins. CSI	95	-7	-	-	-
157	130	Tara Exptn. SI	85	-13	-	-	-
85	65	Tahy Muzak's Ins.	85	0	2.17	0	3.9
140	64	Yukon Cms. CSI	140	+5	-	-	-

NOTES

Values otherwise indicated, minus, and not otherwise are as

Estimates are based on latest annual reports available, are updated on half-yearly

adjusted to A/C/T of 33 per cent. P/E's are calculated on the basis of net distributions; bracketed figures indicate 10 per cent. or more difference if calculated on "all" distribution. Covers are based on average annual distributions. Yields assume maintenance of net dividends on current rate of A/C's. are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tab." Stock.

increased or resumed
reduced, passed or deferred

- * Tax-free to non-residents
- * Figures or report awaited
- * Unlited security
- * Price at time of suspension
- * Increased dividend after pending scrip and or rights issues
never relate to previous dividend or forecast
- * Free of Stamp Duty
- * Merger had or reorganization in progress
- * Not comparable
- * Same interim: reduced final and/or reduced earnings
- * Based on 1975 profits

not allow for shares which may be converted into shares not

- Dividend is a share value of the share usually provided.
- Statement of a final dividend declaration.
- Residual or final dividend declaration.
- Previous period.
- No par value.
- Tax free. It features based on prepayment or other official estimate of CML.
- Dividend rate paid or payable on part of the share, over the full share value.
- Yield. It is the ratio of the dividend to the share value.
- Assumed dividend and yield.
- Assumed dividend and yield after scrip issue.
- Payment from capital sources.
- Kenya interim higher than previous, total is such as is pending.
- Earnings based on dividend.
- Australian current, a dividend yield ratio.
- Special payment.
- Indicated dividend, over

free up to 30p in the £ 1.75

currency clause. ^a Dividend and yield based on German terms. ^b Dividend and yield include a special payment. Cover does not imply a special dividend. ^c A Net dividend and yield. ^d Preference dividend paid or deferred. ^e Canadian. ^f Issue price. ^g Assumed dividend and yield after pending scrip and other rights issue. ^h Figures based on prospectus or other official estimates for 1976. ⁱ Figures based on prospectus or other official estimates for 1976. ^j Dividend and yield based on prospectus or other official estimates for 1976. ^k Grace. ^l Figures assumed. ^m No significant Corporation Tax payable. ⁿ Dividend total to date.

Capital distribution.

"Recent Issues" and "Rights" Page 22

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[illegible]

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FINANCIAL TIMES

Wednesday June 23 1976

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Rubery Owen dispute hits Leyland

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

BRITISH LEYLAND hopes of achieving target production of 22,000 cars a week by the end of a month's time have been shattered once again by a pay dispute at Rubery Owen's Black Country factories.

Output, which last week was well on target at more than 19,000, is dropping back fast and tonight Land Rover assembly lines at Solihull will stop and 1,000 will be laid off or redeployed. Mini output at Longbridge, Birmingham, is likely to come to a standstill by the weekend.

The Bathgate, Scotland truck and tractor plant employing some 5,000 workers has already lost more than 1,000 units, and all production could be halted by mid-July.

The dispute is over 20p a week—the amount that had to be offset against a 66p week rise received by the 2,400 workers at the Darlaston and Wednesbury factories last November when nationally agreed minimum rate increases were introduced several months ago.

The men insisted on the national agreement being implemented even though they were warned that improved shift and overtime payments that would normally accrue would have to be offset against the 16p under the pay policy.

Since then, in an effort to force payment of the 20p, they have been banning overtime and withdrawing co-operation, yet have still managed to average some 570 a week.

Their action has become an increasing threat to BL's plans as production has risen and it

Models	Rubery Owen components
Mini	Front sub-frames
Rover Saloon	Rear axles
Land and Range Rovers	Rear axles
Jaguar	Front axle beams
Triumph	Wheels
Maxi, Marina	Wheels
Trucks	Chassis cross members
(Bathgate)	
Tractors	Fuel tanks, axles
(Bathgate)	

now threatens nearly ten car, truck and tractor models.

Some of Rubery Owen's customers are going to have to reappraise their relations with the company, one big customer recently commented last night. "We had thought it had overcome its industrial troubles but this is obviously not so and we have been deluding ourselves."

While the Transport and General Workers' Union members at Rubery Owen appear willing to resume normal working to get negotiations going again, the Amalgamated Union of Engineering Workers members are ignoring advice from local and national officials to take the same course, and management appears powerless to find a solution.

A further problem for Leyland Cars emerged yesterday at Triumph Speke Merseyside, where a manning dispute led to a reduction of capacity and workers on the TR7 sports car.

Shipbuilders press Tories for policy

BY JOHN WYLES

CONSERVATIVE PARTY leaders are coming under strong pressure from merchant shipbuilders to say what a Conservative Government's policy for the shipbuilding industry would be.

While rejecting Government claims that without nationalisation several companies will be candidates for State rescue this year, shipbuilders are stressing the severity of the crisis which will face their industry towards the middle of next year.

With leading shipbuilding countries such as Sweden and Japan framing policies of support for their shipyards during a period of inevitable contraction, British shipbuilders feel that uncertainty is reducing their chances of survival. During

all the political furore over nationalisation, they say, neither party has yet revealed any strategy for shipbuilding.

While welcoming the Conservative success in stalling the nationalisation Bill, the Opposition's apparent reluctance to espouse any alternative approach is now raising questions.

It is felt that broader support might be won if limited undertakings were given to help the industry weather the present world crisis. Most shipbuilding companies now accept that whether nationalised or not, a world shortage of orders will force a reduction of capacity and loss of some of the industry's 70,000 jobs.

E. J. Austin directors 'reckless'

BY TERRY WILKINSON, CITY STAFF

ACCUSATIONS OF "rash or even reckless" investments and attempts to disguise the company's financial position are levelled at past directors in the final report of Department of Trade inspectors into E. J. Austin International, the building company which was put into compulsory liquidation in 1972.

The company's former chairman, Kenneth Howarth, was jailed for five years in May, 1973, for fraudulent activities.

In an earlier interim report published in February 1972 the inspectors, Mr. John Lloyd Eley, QC, and Mr. Dennis Garrett, QC, advised that criminal proceedings be taken against Kenneth Howarth and an associate, Wayne Chambers, a U.S. citizen, in connection with fraudulent activities in Cyprus and California.

Those involved around the so-called "Chambers process" by which complex areas could be transformed into a variety of valuable minerals, an alchemy which the inspectors described as "a confidence trick and a prelude to a large conspiracy to defraud."

Howarth was subsequently convicted on 11 charges, including the defrauding of Austin shareholders of £347,000, attempting to get 6m. Austin shares worth £3.5m. by means of a false claim, and stealing £20,100 from Austins and £5,000 from one of its subsidiaries.

Unpublished

However, the inspectors' final report, which has hitherto remained unpublished since November 1972, makes no recommendation for any prosecution or civil proceedings other than those already made against Howarth and Wayne Chambers in their interim report published in February 1972.

The inspectors lay the responsibility for Austin's "rash" policy, other than £347,000 spent on the mining ventures, on former director Mr. D. F. Bollen in the period between 1967 and the time of his resignation as chairman in March 1969.

Between April 1968 and March 1970, when the receiver was appointed by Lloyds Bank, to

the group, Austins spent over £2m. of which £1.2m. represented expenditure "on assets which produced no income at all and all of which resulted in a loss to the group," including land purchases in the Caribbean and unremunerative building projects in the U.K.

The report also discusses "attempts to disguise the company's profit records and its performance in relation to forecasts" in view of the fact that the inspectors found that various accounting treatments made up an inventory of £5.5m. over the 1968 and 1969 when they amounted to over 50 per cent of the published profits.

As for the profit shown by the last set of accounts published for 1969, the inspectors describe them as "something of a lottery varying between a profit of £222,532 to a loss of £168,530 according to which part of the profit and loss account was read first."

Mr. Wayne Chambers is thought to be in the U.S. Details Page 13

Continued from Page 1

U.S. warns Britain

broadly similar to those it made last year: there were times when the most continue to be available to cover the needs of deficit countries and that the stronger economies must play their part "by following sufficiently expansionary domestic economic policies to alleviate the problems of the deficit countries."

Mr. Edmund Dell, Trade Secretary, said the Government had noticed with satisfaction that the stronger economies had led the way towards recovery but they also had a particular responsibility to ensure that expansion continued. He called for the new OECD "safety net" for monetary support fund to be ratified as soon as possible.

Mr. Dell told journalists the U.K. would like to see a faster

rate of expansion in world trade over the coming years than the 8 per cent to 9 per cent forecast by the OECD. The British Government does not necessarily share the concern of many experts here that the pace of the present recovery may already be excessively fast.

Mr. Healey said recent high growth rates had been largely due to restocking, that there was a good deal of fiscal and monetary tightening already in the pipeline and the 5 per cent growth rate predicted for the OECD area this year and the first half of 1977 was "very modest" compared with earlier cycles.

Peter Riddell writes: Over the last fortnight Mr. Callaghan and Mr. Healey have repeatedly been preparing the ground for size-

able public spending cuts in the financial year 1977-78. However, no decision has been made on the timing of any announcement, or whether it should accompany an application or drawing from the IMF, or should be made earlier.

Some of the Chancellor's advisers are known to be keen to avoid an early IMF drawing—though even those who favour going to the IMF at a later date would apparently like an early announcement on public spending plans, partly in order to help change attitudes in the foreign exchange market.

One argument apparently for delaying an IMF application, possibly to next April, is that trends in the domestic economy are now difficult to judge and will be clearer by then.

Jobless

likely to start to fall until towards the end of the year. The peak may be slightly lower than some of the more pessimistic unofficial forecasts, however.

There is, though, a serious concern at present about the high level of unemployment among school leavers—up to 85,000 over the last month more than accounting for the 61,000 rise to 1.33m. in the total unadjusted unemployment figure in the U.K.

The school leaving pattern is different this year, with up to 170,000 pupils having left by the end of May and eligible to register, with a further 250,000 due to leave by mid-July.

The Government is already facing strong pressure for further measures to help reduce unemployment. Mr. David Bessent, general secretary of the General and Municipal Workers' Union, yesterday described the prospect of a post-war record number of unemployed school leavers as "intolerable."

He called for "immediate and effective steps to ensure that there are either jobs or training available."

Subsidy scheme

The Department of Employment believes it will not be clear for about three months how many school leavers are out of work more than temporarily.

One possible move is an extension of the recruitment subsidy scheme, which is only available to those who left school last summer and Christmas.

This could be widened to cover current school leavers—a move which would have a number of obvious practical attractions, including that of being relatively inexpensive,

after taking account of savings in benefits.

Mr. Albert Booth, Employment Secretary, said in the Commons yesterday that the measures taken to deal with the general problem of unemployment were "not sufficient." The Government had to go on to develop more effective measures.

An encouraging feature in the latest figures is that there has been a fall in the number of workers on short-time for the fifth successive month. It fell to 65,000 in mid-June.

A levelling out in the overall number of unemployed is also indicated by figures for the unadjusted total of those aged under 60 out of work for more than four weeks (including those between jobs or near retirement age). This fell by 23,000 to 532,000 in the month to mid-June.

The impact of the Temporary Employment Subsidy is shown by the fact that 831 applications for £5.518 workers have now been approved, costing £38.9m. in a full year.

In the job creation programme, 1,481 projects have been started, providing 17,933 jobs at a cost of £55.4m.

Our Belfast Correspondent writes: Confirmation that Ulster's unemployment has reached nearly 54,000—10.4 per cent—coincided yesterday with a report to the Northern Ireland Economic Council forecasting that just such a high level would be maintained over the summer months before there was any reduction.

The report, from Prof. William Black, of Queen's University in Belfast, the council's chief adviser, based its prediction on a U.K. level of 12m. unemployed.

The general view, though, is that the worst is still to come.

WELCOME FOR THE FRENCH PRESIDENT



President Valéry Giscard d'Estaing of France, who arrived for a four-day state visit to Britain yesterday, rides through London with the Queen on a more friendly footing, writes Robert Mauthner. It is widely expected that agreement will be reached on more regular and closer political consultations of the kind which already exist between France and West Germany, and Britain and West Germany. The new arrangements will probably provide for meetings of Heads of Government at least once a year and more frequent meetings of Foreign Ministers.

A Commons motion signed by nearly 100 Labour MPs yesterday expressed "grave concern" at France's policy of selling military equipment to South Africa and called on the French President to apply "a vigorous embargo" on the supply of arms to that country—Men and Matters, Page 16.

Company statement paper made public

By Margaret Reid

THE Department of Trade made public yesterday its draft consultative document which outlines extensive enlargements in the range of statements in companies' annual reports, details of which were given in Monday's Financial Times.

The paper, which has been sent to interested organisations for comments as a preliminary stage towards the document's ultimate publication, identifies four areas of possible additional information, going well beyond the financial field, to which the greatest importance is attached.

As already reported, these are: an added value statement; an employment report; a statement of future prospects; and a statement on corporate objectives.

An introduction to the paper notes that traditionally company accounts and reports have been intended primarily for the benefit of shareholders and creditors and so have concentrated primarily on financial information.

Although the Companies Act 1967 took a first step towards calling for a wider range of non-financial particulars, such as on exports and total employees, this existing extra material "does not seem to reflect any coherent philosophy about wider disclosure."

Editorial comment, Page 16

New policy body for energy planning suggested

BY RAY DAFTER, ENERGY CORRESPONDENT

THE PLANNING of future energy development, seen by the Government as an experiment in "re-industrialisation of Britain," is likely to be put in the hands of a new policy organisation.

The structure and powers of the body have yet to be defined, although it seems certain that it will comprise representatives of Government, the fuel industries, trade unions and consumers.

Mr. Anthony Wedgwood Benn, Energy Secretary, gave a broad hint of the new authority at the end of Britain's first national energy conference in London yesterday. Many of the 56 speakers advocated some form of continuing dialogue between the various interests. "It seems to me eminently sensible that if we are to seek an energy strategy we should do it collectively," said Mr. Wedgwood Benn.

The conference, attended by 400 delegates, was organised by the Minister as an experiment in his open government philosophy. It is likely to be followed by similar, although smaller, events in the future. In addition, the Department of Energy is likely to follow-up the wealth of information released in connection with the conference (over 20 papers were published) by presenting fairly regular green papers on energy matters. The first of these is expected to be published later this year.

Mr. James Callaghan said in his opening address that just as Britain built its first industrial revolution on coal, it intended to use the rich new resources of oil and natural gas to fund the re-industrialisation of Britain. "For

the world community, Britain's strength in energy has a direct bearing on our economic prospects."

But the ensuing debate, conducted in polite, unemotional tones, could not disguise the tensions that exist between the energy industries and the Government, and between the nationalised energy organisations themselves.

As Sir Arthur Hawkins, chairman of the Central Electricity Generating Board, commented: "We have been used as pawns in the power game in order to tie up the loose ends of the country's energy economy." The state undertakings could not agree among themselves whether or not there would be an energy gap in the 1980s.

Mr. Joe Gormley, president of the National Union of Mineworkers, said it was in the national interest that the energy industries should join together in more coherent policy-making.

Very little was said during the one-day conference about the effect of energy policies on Britain's manufacturing industries. On the other hand, much emphasis was laid on the impact of these policies on domestic consumers.

Similarly, little was said about the comparative costs of producing various forms of energy. Perhaps this was a deliberate move on the part of the conference organisers, anxious not to emphasise the differences between the state energy undertakings even further.

Conference report, Page 13
Management Page, Page 15

THE LEX COLUMN

Hambros' stake in life assurance

The bare bones of the Hambros results are that net profits have recovered from £3.1m. to £5.2m., a little short of the peak £6.6m. recorded two years ago. But this ignores the provision made against ship-ping losses—of £4.3m. net—and the associated shuffling round of other reserves. Thus £4.3m. has been taken out to cover the provision, £1.75m. put back out of disclosed profits, and enough undisclosed earnings (mainly exceptional items) achieved elsewhere to leave inner reserves higher on the year.

Restated in pre-tax terms and leaving out the inner reserve transfers the group's results would probably look something like the following. Banking profits (partly exceptional) would be something over £15m., less £9m. exceptional provisions.

The deal between the Norwegian Ship Guarantees Institute and the Rektens interests last week has given Hambros the basis to make this assessment—it amounts to a writedown of rather more than 10 per cent. Grossed up profits of Hambros Life would be 53 per cent. higher at £6.5m., and associates £2.3m. or so. After deducting minorities and some £2m. of loan interest, attributable pre-tax profits would be around £7.3m., enough to cover the dividend just over twice.

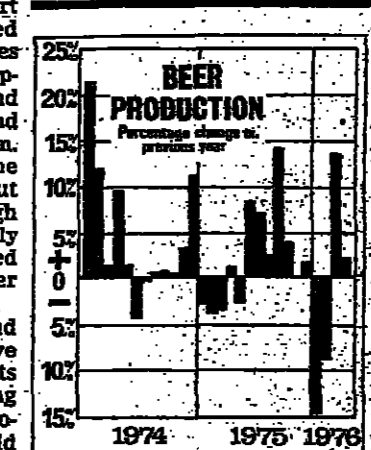
Like other merchant banks Hambros has been suffering from relative share price weakness lately; even after yesterday's 6p rise to 172p the yield is 7.1 per cent. The quality of the banking earnings must still be in some doubt, though volume is now rising, and there are now more grounds for believing that the shipping problems have been sorted out. But what Hambros has up its sleeve is the flotation of Hambros Life—probably before the end of July—and if talk of a £30m. plus price tag is right the group's 55 per cent share could be worth something of the order of £20m. against a book value of £3.8m. and an overall market capitalisation for Hambros of £35m.

See also Page 20

Allied Breweries

Allied Breweries' profits have fallen by £5.2m. to £27.9m. in the 32 weeks to May, and nearly all of this decline stems from its union troubles in the Midlands. The stoppage itself went on for three months, and it has had a more lasting impact on Ansell's free trade business, which makes up perhaps a

Index rose 1.6 to 384.8



quarter of the group's free trade total. In addition, continued weakness in British wines has squeezed down the important wines and spirits interests—and these two features explain the marked contrast with Bass Charrington, which produced a profits gain of a fifth in its first-half and seems likely to move ahead of Allied to the top of the brewers' profits league table.

However, Allied's beer sales have apparently been very good in the last two months, and it now looks as though volume for the industry should, at least be maintained in the year to September. Allied's overseas companies make their main contribution in the current half, whereas wines and spirits are, seasonally less important in the summer period—and are now producing higher profits anyway. Spending on fixed assets and working capital is being covered by net cash flow, so finance costs have stabilised, and overall profits are well ahead of last summer's levels.

This still adds up to the fourth year of earnings stagnation. But then the prospective yield is 84 per cent at 64p and still reasonably well covered, and Allied together with the sector has been recovering a certain amount of lost market status in recent months.

See also Page 13

Plessey

Plessey is now firmly set on a recovery path. As expected pre-tax profits for the year ending March are down 13.1 per cent at £31.7m.—but the holders' funds, following fourth quarter figures at £9.7m. fell by a mere 1 per cent after a hefty £1.7m. provision for now worth over £20m.

See also Page 22

Weather

U.K. TO-DAY
TEMPERATURES mostly like yesterday's.

London, E. Anglia, Midlands and London, E. England

Sunny spells, scattered thunder showers later. Wind S. light. Max. 27C (81F).

S.E. and Cent. England

Coastal fog patches. Scattered thunder showers later. Wind S. light. Max. 27C (81F).

Midlands, W. and Cent. England

Scattered thunder showers developing. Wind S. light. Max. 25C (77F).

S.W. England, S. Wales

Some thunder showers developing. Coastal fog patches. Wind S. light. Max. 23C (73F).

N. Wales, N.W. and N.E. England, Lakes

Sunny intervals and showers, heavy in places. Wind S. light. Max. 22C (72F).

Outlook: Mostly dry

Lighting-up: London 21.51, Manchester 22.12, Glasgow 22.37, Belfast 22.34.

Pollen count: 152 (very high).

BUSINESS CENTRES

City	Mid-day	Y-day	City	Mid-day	Y-day
Alexandria	C 27	27	Madrid	C 28	28
Amsterdam	C 27	27	Manchester	C 28	28
Antwerp	C 27	27	Manchester	C 28	28
Bombay	C 27	27	Manchester	C 28	28
Buenos Aires	C 27	27	Manchester	C 28	28
Cairo	C 27	27	Manchester	C 28	28
Cardiff	C 27	27	Manchester	C 28	28
Colon	C 27	27	Manchester	C 28	28
Copenhagen	C 27	27	Manchester	C 28	28
Dublin	C 27	27	Manchester	C 28	28
Edinburgh	C 27	27	Manchester	C 28	28
Frankfurt	C 27	27	Manchester	C 28	28
Geneva	C 27	27	Manchester	C 28	28
Glasgow	C 27	27	Manchester	C 28	28
Hamburg	C 27	27	Manchester	C 28	28
Helsinki	C 27	27	Manchester	C 28	28
London	C 27	27	Manchester	C 28	28
Luxembourg	C 27	27	Manchester	C 28	28

HOLIDAY RESORTS

City	Mid-day	Y-day	City	Mid-day	Y-day
Algeria	C 27	27	Jersey	C 28	28
Amsterdam	C 27	27	Lag. Pina	C 28	28
Antwerp	C 27	27	Lag. Pina	C 28	28
Bombay	C 27	27	Lag. Pina	C 28	28
Buenos Aires	C 27	27	Lag. Pina	C 28	28
Cairo	C 27	27	Lag. Pina	C 28	28
Cardiff	C 27	27	Lag. Pina	C 28	28
Colon	C 27	27	Lag. Pina	C 28	28
Copenhagen	C 27	27	Lag. Pina	C 28	28
Dublin	C 27	27	Lag. Pina	C 28	28
Edinburgh	C 27	27	Lag. Pina	C 28	28
Frankfurt	C 27	27	Lag. Pina	C 28	28
Geneva	C 27	27	Lag. Pina	C 28	28
Glasgow	C 27	27	Lag. Pina	C 28	28
Hamburg	C 27	27	Lag. Pina	C 28	28
Helsinki	C 27	27	Lag. Pina	C 28	28
London	C 27	27	Lag. Pina	C 28	28
Luxembourg	C 27	27	Lag. Pina	C 28	28



"I'd planned to have enough. But these days I have to have some help."

When you've once known a reasonable standard, what can you do when you can scarcely pay the rent? Let alone have enough over for heat, clothes, light and food?

You can turn to the Distressed Gentlemen's Aid Association. To begin with, the DGAA will understand. Although they have 10 Residential and Nursing Homes, they know that people want to stay in their own homes, for as long as they can cope, keeping their friends and the roots they have put down over the years.

So, the DGAA helps with allowances. They send clothes parcels. They remember Birthdays and Christmas.